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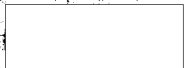


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The Political Instability Quarterly



February 1987

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The Political Instability Quarterly

February 1987

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The Political Instability Quarterly



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Preface

The main objective of this quarterly is to provide timely warning of significant instability in countries of importance to the United States by monitoring changes in key elements affecting their stability.

Significant instability, in our definition, may include any one or a combination of the following—irregular regime change, coup d'etat, breakdown of order, major civil war, revolutionary upheaval, or major policy reorientation toward a radical anti-US stance.

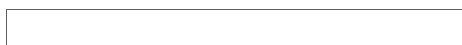
A select group of 30 countries is covered regularly in the quarterly. The countries have been selected because they are key US friends or allies, located near strategic choke points, major oil producers or debtors, geographically close to the United States, or especially salient or influential in the Third World. Periodically we include countries that are not part of this group of 30, but which are nonetheless important to US interests. (See the part 1 assessment on Haiti.)

The time frame: This issue of the quarterly is based on an analysis of issues and developments in the fourth quarter—for our purposes this is the November-December-January time frame—and it projects our concerns about the prospects for instability in the forthcoming first quarter—February-March-April—as well. In addition, we include projections of our general levels of concern over the medium and longer term for the select group of 30 countries.

This issue of the Political Instability Quarterly includes three parts:

- Part 1: *Special essays* on selected countries in which there have been developments of particular interest. Each assessment ends with speculative, forward-looking, “Most Likely” and “Alternative” scenarios, and lists of indicators to be watched with reference to those scenarios.
- Part 2: *Brief assessments of the 30 selected countries*, including the prospects for instability in the basic set of countries, levels of concern regarding a list of 24 instability indicators, and country-specific tables tracing significant political and economic changes during the past two years.

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Status of Key Indicators

Current Assessment and Prospects

Legend

- Serious concern
- Substantial concern
- Moderate concern
- Low concern
- Negligible concern
- Concern has increased since last quarter
- ▲ Concern has decreased since last quarter

		Current Assessment						Prospects		
		Social change/conflict	Economic factors	Opposition activities	Military attitudes/activities	External factors	Regime activities/capabilities	6 mos.	6-24 mos.	
Latin America	Argentina			▲		○	○			
	Brazil		▲	○	▲	○	○	▲		
	Colombia									
	Guatemala						▼			
	Honduras	○			▼					
	Panama			○	▼					
Peru				▲	▼				▼	
Venezuela	○		○	○	○	○	○	○	○	
Europe	Greece			○	○	▲	○	○	○	
	Spain	○		○	○	○	○	○	○	
	Turkey	○			○					
Near East and South Asia	India		○	▲		○	○	○		
	Morocco		▲		▲	▲				
				○	○	○	○			
Africa	Kenya		▼		○	○	○			
	Somalia	○	○	○		○				
	Zaire		▲		○					
East Asia	Indonesia		▲	○	▲	○	○			
	Philippines				▼	○		▼	▼	

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The Political Instability Quarterly 

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**Summary:
Levels of Concern**

*Information available
as of 5 February 1987
was used in this report*

The summary chart on the facing page highlights the countries where our concerns about political instability are the greatest.

The intensified round of fighting in the *Iran-Iraq* war is probably the most dramatic event this quarter. As we go to press, the outcome of the latest Iranian offensive remains undecided, but pressure on Iraq will remain strong whatever the outcome. At the same time, unless Iran continues to make significant military progress, domestic antiwar sentiments are likely to increase. 

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Prospects for stability in *Haiti*, one year after the Duvalier government was ousted, remain uncertain. The current regime's reticent political style and failure to remove some Duvalierists from positions of power have cost it much of the public confidence and good will it initially enjoyed. The ruling council does, however, appear to be adhering to the transition schedule it set for itself in June (see part I essay).

We expect instability will grow in several countries that already are of high concern. Tensions in *Chile* are likely to intensify as the summer season ends and political activity picks up. In *El Salvador*, the Duarte government is efficiently managing the earthquake recovery efforts, but public discontent over the deteriorating economy has grown and is revitalizing the opposition. In *South Korea* human rights abuses have emerged as a focus for antigovernment protests, at least temporarily bogging down President Chun's efforts to amend the Constitution.

Other countries remaining at high levels of concern include *South Africa* and *Nigeria*. With South African elections scheduled for 6 May, Pretoria will take whatever steps necessary to contain violence, effectively eliminating any threat to the regime. Nigerian President Babangida's position temporarily has improved, but we expect pressures on his regime to increase unless there is a significant rebound in world oil prices. Our concern for stability in *Sudan* and *Pakistan* also remains high.

The deteriorating economies of *Brazil* and *Indonesia* also bear watching. Brazilian confidence in President Sarney's leadership has waned, and we

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expect he will have to contend with heightened labor unrest and criticism from the left. In addition, we anticipate more incidents of unrest in Indonesia as economic troubles lead to higher unemployment and cutbacks in social services (see part 1 essay).

The long term prospects for the *Philippines* and *Peru* have improved. Despite well-publicized incidents of unrest prior to the plebiscite, we believe the Aquino government's legitimacy has been enhanced by the voters' approval of the constitution. Moreover, we expect the government will be able to contain the disloyal elements within the ranks of the military. The Peruvian Government has been unable to check a rise in the already high level of terrorism by Sendero Luminoso insurgents. However, we expect the strong showing by President Garcia's ruling party in the November election will weaken the opposition and improve the government's position.



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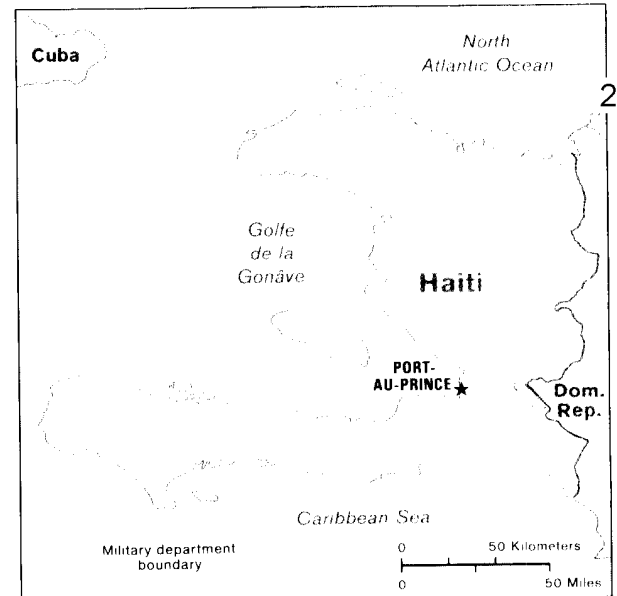
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Part 1. Countries of Special Interest

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Haiti: One Year After Duvalier

- Haiti has experienced sporadic antigovernment protests and violence since military officers led by Lt. Gen. Henri Namphy ousted Jean-Claude Duvalier last February. Uneven progress toward democracy and scant economic growth are likely to lead to more unrest, which we believe political groups on the left and right will try to exploit.
- The ruling council is trying to improve its security capabilities by depoliticizing and reorganizing the armed forces. Segments of the military oppose these efforts, however, and officers also are unhappy that the Army has to carry out police functions.
- The Unified Party of Haitian Communists (PUCH) is well funded and organized, and it and other leftists have had considerable success attracting protestors to antigovernment demonstrations. However, the left so far appears unable to maintain the momentum of protests beyond several days, and the evidence suggests the groups lack a coherent plan to overthrow Namphy's government.
- Old-guard Duvalierists and other rightwing elements remain key political players opposed to the Namphy regime. We judge that a blatant effort to reassert their power would further polarize the country, risk open conflict with the left, and jeopardize the transition to democracy scheduled for February 1988.
- On balance, we believe the ruling council has an even chance of meeting its transition schedule provided it takes a more visible role promoting democracy and encouraging greater popular participation in steps toward that goal.



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A Mixed Performance

Haiti's ruling council has made uneven progress in building democratic institutions and fostering stability over the past year. On the one hand, the council has adhered to the transition schedule it set for itself in June, largely eliminated human rights abuses, and allowed complete press freedom. However, the government's reticent political style and failure to remove Duvalierists from positions of power have cost it much of the public confidence and good will it initially enjoyed.

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President Namphy, buoyed by the positive reaction at home to his US visit in November, has since moved to take a more active political role in the transition. Previously, Namphy had been criticized by local

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Haiti:
Selected Instability Indicators

Prospects for major instability:

During next six months

During next six months to two years

<i>Indicators</i>	<i>Legend</i>		
		<i>Negligible concern</i>	<i>Substantial concern</i>
		<i>Low concern</i>	<i>Serious concern</i>
		<i>Moderate concern</i>	
		1986	1987 ^a
		Fourth Quarter	First Quarter
Social change/conflict	Ethnic/religious discontent Demonstrations, riots, strikes		
Economic factors	General deterioration Decreased access to foreign funds Capital flight Unpopular changes in economic policies 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		
Regime actions/capabilities	Repression/brutality Security capabilities Political disunity/loss of confidence Loss of legitimacy		

^a Projected

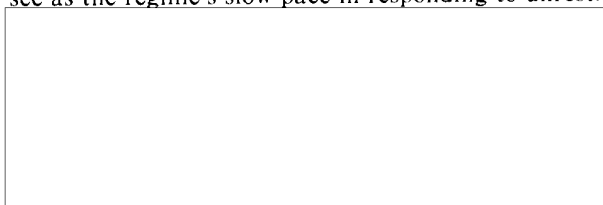


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Lt. Gen. Henri Namphy [redacted] shoulder the burden of police duties, and what they see as the regime's slow pace in responding to unrest. 25X1



politicians as being aloof, and the US Embassy reported that Namphy generally regarded them with disdain. In early December, however, Namphy met with several prominent political moderates and reacted favorably to their proposal to establish an independent electoral commission. [redacted]

the political leaders were surprised and pleased by their warm reception and deemed their discussions fruitful. By meeting with leading moderates, and implicitly conferring prestige on the political center, Namphy took the first step in helping to prune the field of some 200 presidential contenders. [redacted]

The economy is improving slowly, but unemployment hovers at about 50 percent and remains a major source of dissatisfaction. In a conversation with US officials in December, Finance Minister Delatour expressed optimism on the longer term employment picture, but a prominent Haitian businessman believes at least 10 years of massive foreign subsidies and investment are needed to revitalize the economy. Meanwhile, most Haitians continue to expect quick improvement, and [redacted] are skeptical that a new constitution and a presidential election will improve their standard of living. [redacted]

Military Unease

Civil-military relations are increasingly strained and could adversely affect the regime's ability to quell unrest. Members of the 7,700-man military—the government's only arm for maintaining order—reportedly are unhappy over scant resources, the need to

The military also is resisting the government's effort to develop an independent police force and an effective intelligence apparatus, apparently fearing that a rival force—similar to the now-defunct Ton Ton Macoutes—would result. Implementation of a recent French proposal to train a new police force was opposed by some in the military, and [redacted]

avoided the training, placing the program in jeopardy and straining Haitian-French relations. [redacted]

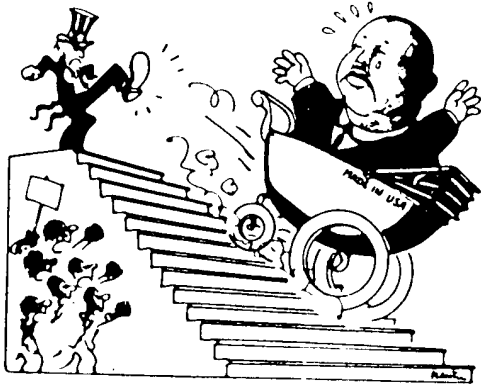
Discontent already has reached the point that the regime is concerned about the loyalty of its forces:

- [redacted]
- [redacted]

[redacted] have stalled because Namphy fears strong resistance from the unit's officers.

- The commander of the Air Corps also is resisting a ruling council directive to relocate his 250-man unit, [redacted]

We believe Namphy will avoid sweeping changes to the armed forces to reduce the chances of an open military rebellion or coup. Unless he is able to enhance police and intelligence capabilities, however, the risk that popular unrest will escalate out of control will grow. [redacted]



Anti-US sentiment, virtually nonexistent prior to last February, has increased partly because of the widespread perceptions among Haitians that the US facilitated Duvalier's departure but failed to follow up with substantial aid to improve living conditions. [redacted]

Plantu/Le Monde/
Paris ©

... The Duvalierist Right ...

Public outcry and other pressures forced the Duvalierists to dissolve their two-week-old party in November, [redacted]

A Diverse but Active Left ...

Leftist groups continue to muster their forces and plan strategies aimed at manipulating or subverting Haiti's moves toward democracy. [redacted]

However, [redacted] the Communist Party has kept a low profile during bouts of civil unrest in order to project a relatively responsible image. [redacted]

[redacted] Ironically, the party is not expected to run a candidate for president in November because the leadership doubts any party nominee would win. [redacted]

[redacted]

As with the left the far right is factionalized and divided by personal jealousies. We believe neither they nor the radical left could gain power in this year's election unless they can organize and use front groups effectively. [redacted]

... And the Potential for Conflict

Many Haitian officials and observers, including Namphy, periodically have expressed fear that sporadic disturbances could degenerate into civil war between the far right and increasingly militant leftists. We believe that Duvalierists and other members of the Haitian elite are prepared to resist strongly any [redacted]

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Haiti: Electoral Timetable

<i>February/ March 1987</i>	<i>Referendum for ratification of constitution. Proclamation of constitution.</i>
<i>March 1987</i>	<i>Decree on elections.</i>
<i>May 1987</i>	<i>Election campaign begins in rural areas and municipalities.</i>
<i>July 1987</i>	<i>Election of rural sections and communal councils.</i>
<i>September 1987</i>	<i>Start of legislative and presidential campaigns.</i>
<i>November 1987</i>	<i>Legislative and presidential elections.</i>
<i>December 1987</i>	<i>Official proclamation of election results.</i>
<i>January 1988</i>	<i>Validation of powers of legislative body.</i>
<i>7 February 1988</i>	<i>Elected president takes oath of office.</i>

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substantial increase in Communist or leftist influence and that the Army would be hard pressed to prevent violence from spiralling out of control.

Key Indicators To Watch

Most Likely Scenario: Haiti's military leaders succeed in turning power over to a responsible, moderate civilian president on 7 February 1988:

- Namphy takes a more visible role promoting the steps toward democracy, encourages popular participation, and accepts foreign expertise in preparing for the legislative and presidential elections.
- The ruling council meets with leading centrist politicians.
- The government does not crack down on dissidents throughout the transition period.
- Military officers support the regime's creation of an independent police force in exchange for Namphy's shelving other plans to reorganize the armed forces.
- The unemployment rate falls and the government secures more foreign aid, eliminating rallying points for the opposition.

Alternative Scenario: The Namphy government collapses and is succeeded by an even weaker military administration:

- Popular dissatisfaction with the ruling council's overall performance grows among all sectors of society and the government's credibility vanishes.
- The left is able to incite and sustain prolonged antigovernment activity in Port-au-Prince and the provinces.
- Renewed attempts at reorganization cause greater military discontent, polarization grows between conservative and reformist officers, and the Army's ability to maintain order is undermined.
- Armed conflict, raising the threat of civil war, breaks out between Duvalierists and ex-militiamen on one side, and militant leftist factions on the other.

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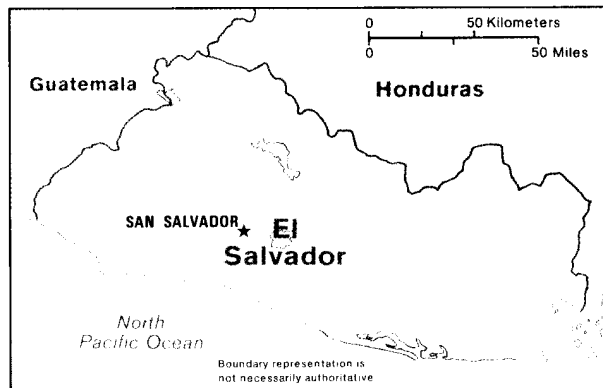
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**El Salvador:
Duarte Under
Political Fire**

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- Public discontent over deteriorating economic conditions has grown and the economy is drawing popular attention away from the war. The earthquake last October exacerbated El Salvador's economic problems, but the government so far has managed recovery efforts efficiently and honestly.
- Political opponents on the right and left are trying to take advantage of the worsening economy to incite popular opposition to the government. So far, however, both groups are hampered by factionalism and a lack of broad support.
- President Duarte remains in control and continues to have the strong backing of the armed forces, which recognize that their interests are best served by sticking with him. Military leaders are concerned, however, that the country's economic decline will benefit the guerrillas and that the costs of reconstruction in San Salvador will lead to cutbacks in rural development programs.
- The Army's counterinsurgency campaign has forced the rebels to adopt a protracted war strategy, but the insurgents still are able to capitalize on government weaknesses and mount occasional large-scale attacks against major targets.



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the government is relying on foreign assistance to help cover a \$900 million shortfall in reconstruction costs.

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Despite substantial foreign assistance, the government's unwillingness to enact sound economic policies for political reasons is thwarting economic growth and compounding Duarte's political problems. The President is reluctant to implement measures—such as a currency devaluation or reductions in price subsidies—because he fears they would alienate his traditional constituencies among workers and peasants and provide a rallying point for guerrilla-backed labor groups. Ironically, the President's failure to make adjustments is slowly undermining his popularity as well as contributing to the economic difficulties facing El Salvador.

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Economic Challenges

The earthquake, which caused about \$1.3 billion in damages, has exacerbated El Salvador's financial problems and has contributed to the country's 30-percent annual inflation rate. The budget deficit—more than \$150 million in 1986—will be likely to increase as damaged government facilities need to be replaced while maintaining essential public services. The need for significant additional imports to facilitate reconstruction will swell the trade deficit and put additional pressure on El Salvador's already over-valued exchange rate. The US Embassy reports that

The President's efforts to address the budget problems have drawn strong criticism from both labor and business leaders. The US Embassy reports that democratic labor leaders, who believe workers' standard of living has declined under Duarte, have warned him against taking any belt-tightening measures. Meanwhile, businessmen are calling the government's new

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Duarte looks to General Blandon for support. [redacted] Time ©

The flagging economy and disruption caused by the earthquake similarly have provided new opportunities for guerrilla-backed groups to destabilize the government. Insurgent propaganda focuses on Duarte's failure to alleviate unemployment, inflation, and other problems of concern to the lower classes. Insurgent-backed groups have depicted the administration as corrupt and inefficient in its handling of foreign relief aid. [redacted]

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[redacted] The rebels probably hope that increasing violence would alienate Duarte's supporters, or provoke a coup and military crackdown. [redacted]

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tax package including higher personal and corporate income taxes and increased levies on net worth, inheritances, and some luxury items --unconstitutional and antibusiness. They also assailed the government's one-time surcharge on net worth to cover increased military expenses in 1986. Embassy reporting indicates that the new taxes, while helping address El Salvador's budget and inflation problems, will contribute to a further loss of private-sector confidence and poor growth prospects. [redacted]

Opposition Revival

The controversy surrounding the tax package has reinvigorated Duarte's rightwing opponents, who are trying to take advantage of his problems to improve their own political standing. Roberto D'Aubuisson, President-For-Life of the Nationalist Republican Alliance (ARENA), the leading rightwing party, has called for Duarte's resignation, a referendum, and a boycott of the tax laws and other new statutes. Two smaller rightwing parties have joined ARENA in a National Assembly strike, where together they hold 26 of the 60 seats and could paralyze legislation requiring a two-thirds majority. The Embassy reports that a newly formed front group composed of rightwing extremists from ARENA and the private sector is trying to unseat Duarte by mounting strikes and demonstrations. They even are trying to co-opt the support of guerrilla-backed labor organizations to participate in a general strike [redacted]

Neither the political right-hardline private-sector alliance nor the rebel-backed leftist groups have the unity or popular backing to pose a major challenge to the government at this time. Past efforts by either side to mobilize public protests or establish broad opposition to Duarte have failed because of these weaknesses. Moreover, although the right and left share an intense dislike of Duarte, they mistrust each other and probably would not be able to agree on a specific agenda against the government. Nevertheless, we believe increasing popular discontent provoked by continuing economic decline could eventually play into the hands of leftwing or rightwing extremists trying to unseat Duarte. If these groups could overcome their problems and mount massive antigovernment protests, they might be able to cripple the government's effectiveness and provoke the military to take repressive steps. [redacted]

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The Military: Supportive but Concerned

In our view, mounting opposition to Duarte's handling of the economy is not likely to jeopardize his backing in the military unless antigovernment demonstrations and street violence get out of hand. Military leaders recognize that support for the democratically elected government is essential to ensure critical US assistance. For his part, Duarte has been careful not to

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infringe on the military's institutional prerogatives and remains committed to sustaining an aggressive counterinsurgency campaign. [redacted]

While Duarte's sensitivity to military concerns has helped him build good relations with senior officers, some midlevel officers are increasingly critical about the weak performance of the civilian government in rural communities, especially in repairing schools, clinics, and infrastructure damaged by the war. [redacted] that they also fear that the massive costs of rebuilding earthquake-damaged areas in the capital will inevitably lead to delays and cutbacks in rural programs despite Duarte's pledges to the contrary. Although the officers' concerns have not yet seriously hurt government-military relations, the ineffective performance of the civilian ministries has undermined popular support for the government and slowed progress in restoring stability in the countryside. [redacted]

The War Drags On

The armed forces' success in maintaining the battlefield initiative and sustaining pressure on the insurgents has limited the rebels' ability to score major military gains. The Army's more aggressive posture has disrupted guerrilla logistics, reduced the insurgent presence in some traditional strongholds, and compounded rebel problems of disunity, low morale, and desertions. [redacted]

Nonetheless, we believe a decisive defeat of the insurgents during the next two years is unlikely, and the war will continue to be costly for the government. Although the guerrillas tend to focus on tactics such as mining, ambushes, and economic sabotage, they remain capable of mounting occasional large-scale attacks against major targets. [redacted]

[redacted] Moreover, the rebels will continue to exploit government vulnerabilities—such as poor performance by some Army units under fire and lax security practices—to inflict losses on the armed forces. [redacted]

Key Indicators To Watch

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Most Likely Scenario: Duarte does not take political-ly risky measures needed to correct weaknesses in the economy and is able to weather the current political storm:

- Duarte continues to rely on foreign assistance to bolster the economy.
- Hampered by a lack of broad popular support, factionalism, and weak urban infrastructures, guerrilla-backed groups and the right are unable to sustain large-scale strikes and demonstrations. 25X1
- Military officers advise Duarte to deal forcefully with opposition leaders.
- Duarte tries to bolster military confidence by pledging to press ahead with rural development programs, but continues to use restraint when confronting strikes and demonstrations. [redacted] 25X1

Alternative Scenario: Duarte's limited economic measures and foreign aid fail to stem a rapid economic decline and the general population becomes increasingly restive and critical of the government: 25X1

- Democratic labor unions withdraw their support for Duarte and join leftist labor fronts.
- Insurgent-backed groups or rightwing extremists overcome factionalism and funding shortages and are able to expand their support.
- Strikes and demonstrations turn out increasingly large crowds, become violent, and ultimately engender widespread unrest.
- The armed forces respond harshly to the opposition and force Duarte to implement repressive measures to restore order. 25X1
- Rightwing extremists try to initiate a coup, or military leaders take over temporarily until new elections are held. [redacted] 25X1

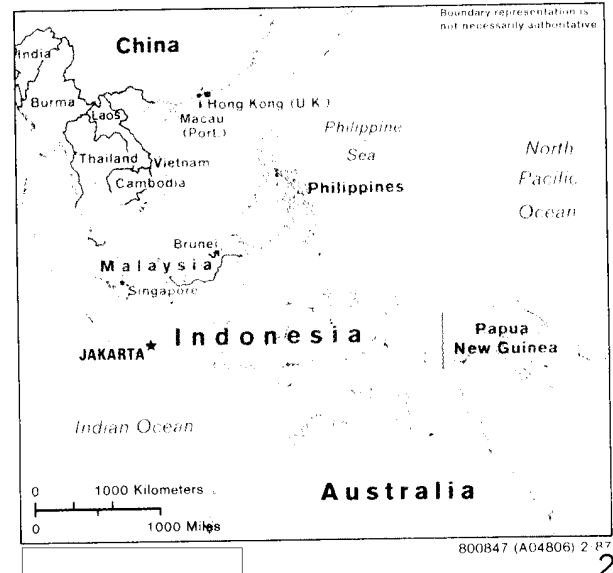
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Indonesia: The Economic Slide Continues

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- President Soeharto remains in control of the government with the full support of the armed forces—Indonesia's predominant political institution. The government's political party is preparing for a parliamentary election in April, which it almost certainly again will dominate, setting the stage for Soeharto's pro forma reelection next year to another five-year term.
- Nevertheless, Jakarta's continuing economic slide—the result of depressed energy prices—poses the most serious challenge for Soeharto's New Order since he came to power more than 20 years ago. Economic growth stalled last year and may reach only 1 percent in 1987—well below the 5 to 6 percent needed to provide jobs for the 2 million new workers entering the labor force each year.
- Despite some pragmatic countermeasures, such as budget austerity and devaluation, Jakarta's balance of payments continues to deteriorate. Without a significant and sustained increase in world energy prices, the government is likely this year to reschedule payments on some of its \$40 billion in foreign debt.
- Jakarta has announced its fourth consecutive austerity budget that cuts most heavily into such social services as education and housing. Moreover, extending budget cutting to military pay and allowances threatens to further erode morale among the troops and could foster rifts between the regime and elements within the military.
- Criticism of Jakarta's protectionist economic policies, favoritism, and corruption —is increasing among parliamentarians, bureaucrats, the officer corps, and the general populace.



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The Economy Stalls

Indonesia's current economic slide, largely the result of reduced energy revenues, could trigger the most extensive opposition to President Soeharto in two decades:

- In 1986, Indonesia's economy failed to grow and may even have contracted—a dramatic change from the 3- to 4-percent annual growth rates achieved during 1982-85 and the 8-percent levels common between 1973 and 1981—dashing expectations and leading to increased unemployment.
- Despite a recent devaluation, we believe Jakarta's \$5 billion current account deficit is likely to result in the implementation of additional austerity measures which will be politically unpopular.

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President Soeharto [redacted]

urban areas is approaching 40 percent in addition to substantial underemployment. The growing frustration of the urban poor increases the likelihood of outbreaks of localized violence. As in the past, such incidents are likely to be aimed at the widely resented Chinese business community. On occasion previous outbreaks of violence have escalated before the military could contain them and spread to cities throughout Java, the most populous and politically significant island. While Muslim fringe elements have been relatively quiet recently, we expect their activities will increase as they seek to exploit urban frustrations.

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[redacted]

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- In addition, [redacted] in light of its financial difficulties, increasing capital flight, and eroding credit rating, some of Indonesia's foreign commercial bankers are reluctant to lend it more money, further increasing the pressures on the Soeharto regime. [redacted]

We believe the unemployed as yet pose no direct threat to the regime. Soeharto retains the full backing of the military which would not hesitate to move forcefully against any civil disturbances. But the armed forces also have been hit by austerity. Some living allowances have been cut, salaries have been frozen under the new budget, and we anticipate further pay cuts for military personnel. We believe these measures will erode morale in the armed forces further and, over the long term, could impede their ability to control civil unrest. In addition, we believe military support for the regime eventually could dwindle if the officer corps comes to believe that the public holds it responsible for the economic decline. [redacted]

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In January, Jakarta reacted to its economic crisis by announcing its fourth consecutive austerity budget based on estimates of a 30-percent decline in oil and gas tax receipts, the government's primary revenue source. In our view, however, Jakarta is overly optimistic about its ability to raise funds elsewhere and, thus, we believe even more budget cuts are likely. Given the economic outlook, in our judgment, the regime is likely to reschedule some of its foreign debt soon after the April parliamentary election to allow time for public concerns over its inability to manage the economy to dissipate prior to Soeharto's reelection in March 1988. [redacted]

The Succession Question

Although Soeharto's health is good and he intends to be reelected next year to another five-year term, a protracted economic crisis could complicate the eventual succession process. We expect that he will seek to hand power over to a successor who would continue his basic policies of economic development coupled with domestic stability and who also would protect the extensive financial interests of the Soeharto family. Should he die unexpectedly, however, several contenders within the military leadership might vie for supremacy. In such a situation, a contender might appeal for popular support by championing economic reforms and moving against corruption and financial privilege. [redacted]

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Potential for Urban Violence and Military Unrest

The impact of the declining economy on the population significantly raises the risk of urban unrest. Jakarta's latest austerity budget reduces development expenditures—especially education and housing—most heavily, and we believe additional cuts are likely. Moreover, unless world energy prices increase significantly or Jakarta implements sweeping economic reforms, Indonesia will not generate the level of economic growth necessary to stem rising unemployment. According to our estimates, unemployment in

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Key Indicators To Watch

Most Likely Scenario: As the economy continues to founder, Jakarta moves to reschedule part of its foreign debt, while keeping a tight lid on domestic critics:

- Additional cuts in government spending further slow the economy and exacerbate already severe unemployment.
- Increased capital flight compels the government to impose foreign exchange controls.
- Shorter loan maturities and significant drawdowns in international reserves and commercial credit lines precede a call for debt rescheduling.
- Jakarta makes only superficial economic reforms, protects business interests of the First Family, and maintains protection of the domestic economy.
- Incidents of urban unrest grow.
- The regime clamps down on increasingly open criticism of its policies and First Family corruption.

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Alternative Scenario: The economy improves, easing pressure on the Soeharto regime:

- World energy prices increase substantially, relieving pressure on Jakarta's current accounts and forestalling debt rescheduling.
- The regime moves ahead in earnest to deregulate the state-dominated economy, halts favored treatment for those with close ties to the palace, and takes effective measures to attract foreign investors.
- Economic growth and job creation keep pace with the growth of the labor force, and social services are restored to previous levels.
- The regime lifts the freeze on military pay.

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Part 2. Developments and Trends

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The six categories of indicators used in the following charts focus on a broad array of issues that may impact on stability:

- 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.
 - The *opposition activities* indicators assess whether the opposition can mobilize effective antiregime activity or carry out acts that undermine public security.
 - The *military attitude/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.
- (S NF)

Argentina:
Selected Instability Indicators

Outlook

President Alfonsin's position remains secure, but he faces growing opposition from labor and the reorganized Peronist party and continues to shirk many of the basic reforms needed to revitalize the economy. He is likely to continue the tight money policy—that has lowered inflation—through early 1987, then loosen up to bolster his party's prospects in elections next November. Recent legislation to end trials of officers for human rights abuses has not significantly improved civil-military relations since loopholes could still bring some officers to trial.

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Prospects for major instability

During next six months
During next six months to two years

Indicators	Legend										
		○ Negligible concern Low concern Moderate concern				○ Substantial concern Serious concern				Projected	
		1985				1986				1987	
		I	II	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 economic policies 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	○	○	○	○	○	○	○	○	○	○
Regime actions/capabilities	Repression/brutality Security capabilities Political disunity/loss of confidence Loss of legitimacy	○	○	○	○	○	○	○	○	○	○

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Brazil:
Selected Instability Indicators

Outlook

Public confidence in President Sarney's leadership was shaken when consumer prices were hiked within days of the ruling party's landslide victory in elections last November. Violent protests forced Sarney to allow a return to indexation measures to help maintain living standards. A looming slowdown in growth in early 1987 probably will provoke additional labor unrest and criticism from the left, but we believe that Sarney's determined leadership and continued support from the military will prevent a political crisis in the near term.

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Chile:
Selected Instability Indicators

Outlook

Political activity is likely to intensify by early March as the moderate opposition promotes a campaign for free elections, selects a consensus presidential candidate, and continues talks with members of the junta on a formula for an orderly transition. The Communists, although more isolated politically, are planning increased violence, possibly including a second assassination attempt against President Pinochet. Pinochet probably will have difficulty in the coming months reining in his critics on the junta and outmaneuvering the moderates.

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Prospects for major instability

During next six months
During next six months to two years

Indicators	Legend	Negligible concern				Substantial concern					
		Low concern				Serious concern					
		Moderate concern									
						Projected					
		1985				1986				1987	
		I	II	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 economic policies					○	○	○	○	○	
	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				○	○	○	○	○	○	
Regime actions/capabilities	Repression/brutality										
	Security capabilities										
	Political disunity/loss of confidence										
	Loss of legitimacy										

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Colombia:
Selected Instability Indicators

Outlook

President Barco is likely to try to sustain his antinarcotics campaign in an attempt to bolster public resolve against intimidation by the powerful drug mafia. He also may intensify efforts to improve Colombia's limited counterinsurgency capabilities and to protect oil facilities, particularly as the government's nominal truce with the largest insurgent group appears to be unraveling. Talks between major guerrilla groups already have produced a fledgling alliance and could foster a more serious move toward unity.

Prospects for major instability

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During next six months

During next six months to two years

<i>Indicators</i>	<i>Legend</i>	<i>Negligible concern</i>				<i>Substantial concern</i>					
		<i>Low concern</i>				<i>Serious concern</i>					
		<i>Moderate concern</i>									
		1985				1986				Projected ▼ 1987	
		I	II	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 economic policies 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	.	.	.	.	.	.	.	.	.	.
Regime actions/capabilities	Repression/brutality Security capabilities Political disunity/loss of confidence Loss of legitimacy

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El Salvador:
Selected Instability Indicators

Outlook

A controversial new tax package has led to rightwing political efforts to stymie President Duarte's economic policies, and rightwing extremists and guerrilla-backed groups are trying to incite civil unrest. Some mid-level military officers have become concerned about Duarte's ability to handle the deteriorating economy and public discontent, but the President retains the support of key senior officers. Despite increased insurgent activity since November, the Army is maintaining pressure on the guerrillas.

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Prospects for major instability

During next six months
During next six months to two years

Indicators	Legend	Projected											
		1985				1986				1987			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
Social change/conflict	Ethnic/religious discontent												
	Demonstrations, riots, strikes												
Economic factors	General deterioration												
	Decreased access to foreign funds												
	Capital flight												
	Unpopular changes in economic policies												
	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												
	Discontent over career loss, pay, or benefits												
External factors	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												
	Repression/brutality												
	Security capabilities												
	Political disunity/loss of confidence												
	Loss of legitimacy												

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Guatemala:
Selected Instability Indicators

Outlook

Growing economic discontent, labor disturbances, continued demands for land reform, and an increasingly organized political opposition could undermine President Cerezo's popularity in his second year in office. Relations with the military remain generally good, although the high command may press Cerezo to be more critical of Managua. Keenly aware of the military's opposition to dialogue with leftist guerrillas, Cerezo probably will maintain his public position that the rebels must lay down their arms before ^{talks} can be held.

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Prospects for major instability

During next six months
During next six months to two years

Indicators	Legend	1985				1986				Projected ▼ 1987	
		I	II	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 economic policies										
	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	○	○	○	○	○	○	○	○	○	
	Repression/brutality										
	Security capabilities										
	Political disunity/loss of confidence										
	Loss of legitimacy										

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**Honduras:
 Selected Instability Indicators**

Outlook

We judge the prospects for continued stability as good. President Azcona reaped strong support after Nicaraguan and Honduran forces clashed in December, and recent opinion polls give him an 80-percent approval rating. Military infighting continues, but officers appear satisfied with Azcona and are unlikely to threaten his government over the near term. The President remains vulnerable on economic issues such as inflation and unemployment, however, and continued failure to address these problems will erode his popularity.

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Prospects for major instability

During next six months
During next six months to two years

Indicators	Legend	Projected											
		1985				1986				1987			
		I	II	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 economic policies	○	○	○	○	○	○	○	○	○	○		
	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	○	○	○	○	○	○	○	○	○	○		
	Discontent over career loss, pay, or benefits	○	○	○	○	○	○	○	○	○	○		
External factors	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												
	Repression/brutality	○	○	○	○	○	○	○	○	○	○		
	Security capabilities	○	○	○	○	○	○	○	○	○	○		
Regime actions/capabilities	Political disunity/loss of confidence												
	Loss of legitimacy	○	○	○	○	○	○	○	○	○	○		

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Mexico:
Selected Instability Indicators

Outlook

Mexico's ruling party continued to demonstrate its ability to control the opposition and limit protests during the final elections of 1986. Leftist parties are again attempting unification but represent little threat. Capital flight has eased with the return of modest amounts of capital reflecting a greater need for funds by businessmen, seasonal factors, and a slight increase in public confidence. Recent budgetary changes, however, may restrict defense allocations and provoke some grumbling from the military. 25X1

Prospects for major instability

During next six months

During next six months to two years

Indicators	Legend	○ Negligible concern				Substantial concern							
		Low concern				Serious concern							
		Moderate concern											
						Projected							
		1985				1986				1987			
		I	II	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 economic policies		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									
Regime actions	capabilities	Repression/brutality		Security capabilities		Political disunity/loss of confidence		Loss of legitimacy					

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Panama:
Selected Instability Indicators

Outlook

Pressured by international creditors to reform social security and public-sector spending, President Delvalle got a reprieve in December when the World Bank disbursed one-half of a \$100 million loan. Discontent will rise when the legislature takes up the sensitive reform issues in March, but organized opposition will remain weak. Moreover, Defense Chief Noriega appears committed to the measures and should continue to back Delvalle. Noriega remains in firm control of the military, despite grumbling that anticipated promotions were not announced in December.

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Prospects for major instability

During next six months
During next six months to two years

Indicators	Legend	Projected											
		1985				1986				1987			
		I	II	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 economic policies	○	○	○	○		○						
	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	○	○	○	○	○	○	○	○	○	○	○	○
Regime actions/capabilities	Repression/brutality	○	○	○	○	○	○	○	○	○	○	○	○
	Security capabilities	○	○	○	○	○	○	○	○	○	○	○	○
	Political disunity/loss of confidence	○					○			○			
	Loss of legitimacy	○	○										

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Peru:
Selected Instability Indicators

Outlook

The strong showing of President Garcia's ruling party in November's municipal elections, including an upset victory in Lima, underscores Garcia's popularity and should dampen political opposition. Attacks by Sendero Luminoso insurgents continue unabated, however, and military pressure on Garcia to act more forcefully may intensify. Garcia is likely only to tinker with his economic policies, but he has offered tax incentives to encourage capital repatriation and stem the rapid decline in foreign exchange reserves.

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Prospects for major instability

During next six months

During next six months to two years

<i>Indicators</i>	<i>Legend</i>	<i>Negligible concern</i>				<i>Substantial concern</i>					
		<i>Low concern</i>				<i>Serious concern</i>					
										Projected	
		1985				1986				1987	
		I	II	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 economic policies 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										
Regime actions/capabilities	Repression/brutality Security capabilities Political disunity/loss of confidence Loss of legitimacy										

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Venezuela:
Selected Instability Indicators

Outlook

Divisions within the ruling Democratic Action party continue to worsen over the party nomination for the presidential election in 1988. President Lusinchi and moderates in control of the party machinery will continue to oppose the candidacy of populist former president Carlos Andres Perez. Meanwhile, the US Embassy reports that economic growth will slow and that inflation is expected to reach 20 percent this year. Debt negotiations remain stalled, and public opinion supports the regime's refusal to make any principal repayments.

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Prospects for major instability

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

Indicators	Legend										
		Negligible concern				Low concern				Moderate concern		Substantial concern
										Projected	
		1985				1986				1987	
		I	II	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"/>	<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"/>	<input type="radio"/>	<input type="radio"/>
Economic factors	General deterioration	<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"/>					
	Unpopular changes in economic policies			<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"/>	<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"/>	<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"/>	<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"/>	<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"/>	<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"/>	<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"/>	<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"/>	<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"/>	<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"/>	<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"/>	<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"/>	<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"/>	<input type="radio"/>	<input type="radio"/>
	Threat of military conflict	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<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"/>	<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"/>	<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"/>	<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"/>	<input type="radio"/>	<input type="radio"/>

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**Spain:
Selected Instability Indicators**

Outlook

Basque terrorists are likely to step up violence in the near term, especially against French interests in northern Spain, in retaliation for Spanish and French collaboration in counterterrorism operations. Meanwhile, the resignation of Manuel Fraga as head of the conservative Popular Alliance Party has fragmented the center and right parties. Unless these parties resolve their differences before municipal and regional elections this spring, Socialist Prime Minister Gonzalez is unlikely to face any serious challenge to his leadership.

25X1

Prospects for major instability

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

Indicators	Legend	Projected															
		Negligible concern				Low concern				Substantial concern							
		I				II				III				IV			
		1985	1985	1985	1985	1986	1986	1986	1986	1987	1987	1987	1987	1987	1987		
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"/>	<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"/>	<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"/>	<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"/>	<input type="radio"/>	<input type="radio"/>	<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"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
	Unpopular changes in economic policies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<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"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
Opposition activities	Inflation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<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"/>	<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"/>	<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"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
Military attitudes/activities	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"/>	<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"/>	<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"/>	<input type="radio"/>	<input type="radio"/>	<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"/>	<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	Discontent over government action/policies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<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"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
	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"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
Regime actions/capabilities	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"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
	Threat of military conflict	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
	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"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
Regime actions/capabilities	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"/>	<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"/>	<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"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		

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Turkey:
Selected Instability Indicators

Outlook

Prime Minister Ozal's position remains secure, but he will continue to face demands from the resurgent right to lift restrictions on politicians ousted in the military coup in 1980. We expect the military would oppose such a move. We believe the armed forces also would be wary as maneuvering over the economy and religious fundamentalism intensifies in anticipation of the 1988 election. The Kurdish insurgency continues to fester but will not threaten the regime in the near term.

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Prospects for major instability

During next six months

During next six months to two years

Indicators	Legend	○ Negligible concern ● Low concern ◐ Moderate concern																Substantial concern Serious concern	
		1985				1986				Projected ▼ 1987									
		I	II	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 economic policies							○	○	○									
	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																		
Regime actions/capabilities	Repression/brutality																		
	Security capabilities	○	○	○	○	○	○	○	○	○									
	Political disunity/loss of confidence																		
	Loss of legitimacy	○	○	○	○	○	○	○	○	○									

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Egypt:
Selected Instability Indicators

Outlook

President Mubarak has made some progress in convincing Egypt's creditors to provide debt relief and persuading the IMF to agree to softer terms for a standby arrangement. In addition, Egypt's participation in the upcoming Islamic summit might encourage the Gulf states to offer some aid to help alleviate Cairo's cash crunch until this spring—the earliest a standby could take effect. However, the price for an IMF program almost certainly will be unpopular austerity measures that we expect will cause at least some civil unrest.

25X1

Prospects for major instability

During next six months
During next six months to two years

Indicators	Legend	Projected											
		1985				1986				1987			
		I	II	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 economic policies												
	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	○	○	○	○	○	○	○	○	○	○	○	○
	Repression/brutality	○	○	○	○	○	○	○	○	○	○	○	○
	Security capabilities	○	○	○	○								
	Political disunity/loss of confidence	○	○	○	○								
	Loss of legitimacy	○	○	○	○								

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Secret

India:
Selected Instability Indicators

Outlook

Ethnic and opposition-inspired violence continues including terrorism by Sikh militants, activity by tribal insurgents in northeastern Assam and Tripura states, and sabotage in the southern state of Tamil Nadu. We expect violence will intensify as state-level elections scheduled for early spring approach. Frictions with Pakistan also may flare up as the Indian military continues its largest-ever exercises along the border.

25X1

Prospects for major instability*During next six months**During next six months to two years*

Indicators	Legend	○ Negligible concern				● Substantial concern					
		○ Low concern				● Serious concern					
		○ Moderate concern									
						Projected					
		1985				1986				1987	
		I	II	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 economic policies		○	○	○	○		○	○	○	○
	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										
Regime actions/capabilities	Repression/brutality		○	○	○	○	○	○	○	○	○
	Security capabilities										
	Political disunity/loss of confidence		○	○	○	○	○	○	○	○	○
	Loss of legitimacy		○	○	○	○	○	○	○	○	○

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Secret

Iran:
Selected Instability Indicators

Outlook

Iran's recent military success against Iraq will stem at least temporarily popular digruntlement over the war and the declining economy. The regime could face a substantial upsurge in antiwar sentiment and popular unrest over economic hardships over the longer term, however, unless it continues to make gains in the fighting. Assembly Speaker Rafsanjani has emerged as the clear front-runner to wield effective power after Khomeini dies, but probably will have to fend off stiff challenges from his rivals.

25X1

Prospects for major instability

During next six months
During next six months to two years

Indicators	Legend	Negligible concern				Substantial concern					
		Low concern				Serious concern					
		Moderate concern									
						Projected					
						1987					
		1985				1986				I	II
		I	II	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 economic policies 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										
Regime actions/capabilities	Repression/brutality Security capabilities Political disunity/loss of confidence Loss of legitimacy										

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25X1

Secret

Iraq:
Selected Instability Indicators

Outlook

Iraq turned back two fiercely fought Iranian offensives in midwinter to maintain the stalemate in the war. Whatever the outcome of the battle for Al Basrah, Iranian pressure on the Iraqis will remain high. If Iran does not score a major breakthrough by spring, Iraq's position—militarily and psychologically—will be enhanced. Meanwhile, increased cooperation between opposition Kurdish groups—supported by Tehran—to date has not forced Baghdad to divert resources from its war effort.

25X1

*Prospects for major instability**During next six months**During next six months to two years*

Indicators	Legend	Negligible concern				Substantial concern					
		Low concern				Serious concern					
		Moderate concern									
						Projected					
		1985				1986				1987	
		I	II	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 economic policies 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										
Regime actions/capabilities	Repression/brutality Security capabilities Political disunity/loss of confidence Loss of legitimacy										

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Secret

Morocco:
Selected Instability Indicators
Outlook

Moroccan stability has improved as the terrorist threat from Libya appears to have abated. King Hassan has strengthened ties to his main allies—France and the United States—and the government reached agreement with the IMF and foreign creditors that partially will relieve debt pressures. The longer term economic outlook remains bleak, however, and will leave the King with few resources to deal with immediate demographic problems.

25X1

*Prospects for major instability**During next six months**During next six months to two years*

Indicators	Legend	○ Negligible concern				Substantial concern					
		Low concern				Serious concern					
		Moderate concern									
						Projected					
		1985				1986				1987	
		I	II	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 economic policies										
	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							○	○		○
Regime actions/capabilities	Repression/brutality							○	○		○
	Security capabilities	○	○	○	○	○	○	○	○	○	○
	Political disunity/loss of confidence						○	○	○	○	○
	Loss of legitimacy	○	○	○	○	○	○	○	○	○	○

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**Pakistan:
Selected Instability Indicators**

Outlook

Prime Minister Junejo ended the first year of civilian rule in a strong position. The opposition now is reorganizing, but we expect it will step up activity as Pakistan prepares for district elections in September. Tensions will remain high among the various ethnic and religious groups, periodically sparking clashes that will require Army assistance to suppress. India's continuing military exercises along the border and the continuing Soviet/Afghan cross-border airstrikes heighten the potential for a clash between Pakistan and its neighbors.

25X1

Prospects for major instability

During next six months

During next six months to two years

Indicators	Legend	<i>Negligible concern</i>				<i>Substantial concern</i>					
		<i>Low concern</i>				<i>Serious concern</i>					
		<i>Moderate concern</i>								<i>Projected</i>	
						1986				1987	
		1985	1985	1985	1985	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 economic policies 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										
Regime actions/capabilities	Repression/brutality Security capabilities Political disunity/loss of confidence Loss of legitimacy										

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Secret

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Sudan:
Selected Instability Indicators

Outlook

The refusal of bureaucrats, businessmen, and laborers to join student protests in Khartoum last November showed the civilians' remarkable patience with Prime Minister Sadiq's ineffective administration. However, popular disenchantment will grow if the ruling parties continue to bicker and economic stagnation deepens in the absence of reform. Top military leaders support Sadiq's hard line toward the southern insurgents and their Ethiopian backers but still withhold personal loyalty to Sadiq.

25X1

*Prospects for major instability**During next six months**During next six months to two years*

<i>Indicators</i>	<i>Legend</i>	<i>Negligible concern</i>				<i>Substantial concern</i>					
		<i>Low concern</i>				<i>Serious concern</i>					
										Projected ▼	
		1985		1986		1986		1986		1987	
		I	II	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 economic policies 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										
Regime actions/capabilities	Repression/brutality Security capabilities Political disunity/loss of confidence Loss of legitimacy										

3116 25X1

Kenya:
Selected Instability Indicators

Outlook

President Moi enters 1987 with enhanced control over government appointments, parliament, and KANU, the sole political party. Kenya's relative prosperity in 1986—the economy's best year since 1978—will help Moi in the near term to deflect grumbling by Kikuyu tribesmen, Christian clerics, and others over his increasingly authoritarian methods. Meanwhile, Moi's government is not taking effective action to reduce Kenya's population growth rate—the world's highest—thereby auguring stronger social pressures over the long term.

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Prospects for major instability

During next six months
During next six months to two years

Indicators	Legend	1985				1986				Projected 1987	
		I	II	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 economic policies	○	○	○	○	○	○	○	○	○	○
	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	○	○	○	○	○	○	○	○		○
	Discontent over career loss, pay, or benefits	○	○								
External factors	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	○	○	○	○	○	○	○	○		○
	Repression/brutality	○	○	○	○	○	○	○	○		○
	Security capabilities	○	○	○	○	○	○	○	○		○
Regime actions/capabilities	Political disunity/loss of confidence	○	○	○	○	○	○	○	○		○
	Loss of legitimacy	○	○	○	○	○	○	○	○		○

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Nigeria:
Selected Instability Indicators

Outlook

President Babangida's political position has improved despite rising military discontent at year's end. Earlier controversy over economic and political issues has subsided, and Babangida is moving more assertively to implement a comprehensive economic reform program. The reform measures have engendered some grumbling from the military but probably will not threaten the regime in the near term. We expect political pressure to grow later this year, however, unless a rebound in world oil prices raises living standards. 25X1

Prospects for major instability

During next six months

During next six months to two years

Indicators	Legend	○ Negligible concern				Substantial concern					
		Low concern				Serious concern					
		Moderate concern									
						Projected					
		1985				1986				1987	
		I	II	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 economic policies 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	○	○	○	○	○	○	○	○	○	○
Regime actions/capabilities	Repression/brutality Security capabilities Political disunity/loss of confidence Loss of legitimacy										

3116 25X1

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**Somalia:
Selected Instability Indicators**

Outlook

President Siad quieted lingering doubts about his health and leadership skills and was reelected unopposed to another seven-year term. Although some factions of Siad's Marehan clan will continue to maneuver against his designated heir—Vice President and Minister of Defense Samantar—the President has placated them with military promotions and promises to protect their dominant position. Nevertheless, Samantar's opponents probably will try to blame him for cuts in US military assistance and the Army's recent problems against the Ethiopian-backed dissidents.

25X1

Prospects for major instability:

During next six months

During next six months to two years

Indicators	Legend	Negligible concern				Substantial concern					
		Low concern				Serious concern					
		Moderate concern									
						Projected					
		1985				1986				1987	
		I	II	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 economic policies 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										
Regime actions/capabilities	Repression/brutality Security capabilities Political disunity/loss of confidence Loss of legitimacy										

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Secret

**South Africa:
Selected Instability Indicators**

Outlook

Pretoria's massive crackdown on opposition activity, including strict press censorship and widespread detentions, continues to limit the ability of opposition groups to organize large-scale demonstrations. Civil disobedience campaigns such as rent and consumer boycotts, however, are growing. With elections for whites scheduled for 6 May, Pretoria will take all steps necessary to contain violence. A cross-border raid against African National Congress facilities in the region is likely prior to elections.

25X1

Prospects for major instability

During next six months

During next six months to two years

Indicators	Legend	Negligible concern				Substantial concern					
		Low concern				Serious concern					
		Moderate concern									
						Projected					
		1985				1986				1987	
		I	II	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 economic policies 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										
Regime actions/capabilities	Repression/brutality Security capabilities Political disunity/loss of confidence Loss of legitimacy										

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Zaire:
Selected Instability Indicators

Outlook

President Mobutu remains firmly in control, but his frustration with four years of IMF-backed economic austerity led him to endorse proposals for sweeping policy changes in early November. Zaire's IMF program was suspended and now is being renegotiated. With foreign exchange already limited, delays in loan disbursements to Kinshasa are causing higher inflation and a more rapid depreciation of the local currency. Meanwhile, tensions are growing with neighboring Angola, which claims the UNITA rebel movement uses base camps in Zaire.

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Prospects for major instability

During next six months

During next six months to two years

Indicators	Legend	Projected											
		1985				1986				1987			
		I	II	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 economic policies			○	○		○						
	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	○											
Regime actions/capabilities	Repression/brutality												
	Security capabilities	○	○	○	○	○	○	○	○			○	
	Political disunity/loss of confidence		○	○	○	○	○	○	○			○	
	Loss of legitimacy		○	○	○	○	○	○	○			○	

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Indonesia:
Selected Instability Indicators

Outlook

Jakarta's continuing economic slide poses the most serious challenge to President Soeharto's New Order in two decades, exacerbating already serious unemployment and risking greater opposition. The recently announced freeze on military pay and reduced allowances threaten to further erode troop morale. Criticism of corruption—
 [redacted] is on the rise. To limit
 damage to its position in the short run, we believe the government will wait until after the election in April to reschedule some of its \$40 billion foreign debt. [redacted]

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Prospects for major instability

During next six months
During next six months to two years

Indicators	Legend	Negligible concern				Substantial concern					
		Low concern				Serious concern					
		Moderate concern									
						Projected					
		1985				1986				1987	
		I	II	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 economic policies										
	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										
Regime actions/capabilities	Repression/brutality										
	Security capabilities										
	Political disunity/loss of confidence										
	Loss of legitimacy										

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**Philippines:
Selected Instability Indicators**

Outlook

President Aquino's late 1986 Cabinet revamp especially Juan Ponce Enrile's dismissal as Defense Minister and the recent overwhelming popular vote in favor of the draft constitution, has strengthened her political position. However, Aquino must deal with a restive military, and, in addition, clashes with the Communist insurgents are likely to resume their former intensity after the cease-fire expires in early February. Aquino also faces serious economic challenges and a contentious campaign before legislative elections in May.

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Prospects for major instability

During next six months
During next six months to two years

Indicators	Legend	Projected											
		1985				1986				1987			
		I	II	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 economic policies					○				○			
	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	○	○	○	○	○				○			
Regime actions/capabilities	Repression/brutality	○				○				○			
	Security capabilities												
	Political disunity/loss of confidence												
	Loss of legitimacy					○				○			

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**South Korea:
 Selected Instability Indicators**

Outlook

President Chun's efforts to gain legislative approval of his constitutional revision proposal for a cabinet-government system face new hurdles. The death of a student dissident during police interrogation has revived human rights violations as a target for protests when the universities reopen in March and students regroup. However, we believe Chun views the proposal as a means to retain power behind the scenes after stepping down as President next year, and he may attempt to move on the issue despite the risk of political fallout.

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Prospects for major instability

During next six months
During next six months to two years

Indicators	Legend	Projected									
		1985				1986				1987	
		I	II	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 economic policies	○	○				○	○	○	○	
	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	○	○	○	○	○	○	○	○	○	
Regime actions/capabilities	Repression/brutality										
	Security capabilities	○	○	○	○	○	○	○	○	○	
	Political disunity/loss of confidence										
	Loss of legitimacy										

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