



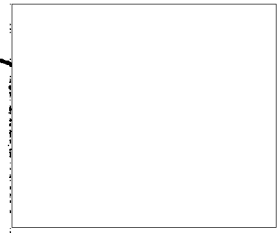
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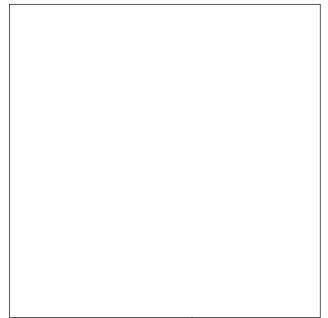


# National Intelligence Daily

**Saturday  
28 November 1987**



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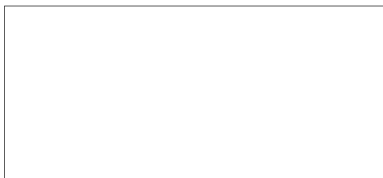
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**PHILIPPINES: Decisive Weekend for Military Rebels**

***A military pay increase to take effect next week may neutralize the threat to the Philippine Government from rebel Colonel Honasan and his supporters.***



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President Aquino signed legislation on Thursday authorizing pay hikes—averaging 60 percent—for all active-duty soldiers, ending rumors the government would renege on its promise. The raise takes effect on Tuesday and is scheduled to appear in paychecks on 15 December, although there is some uncertainty about the source of funding,

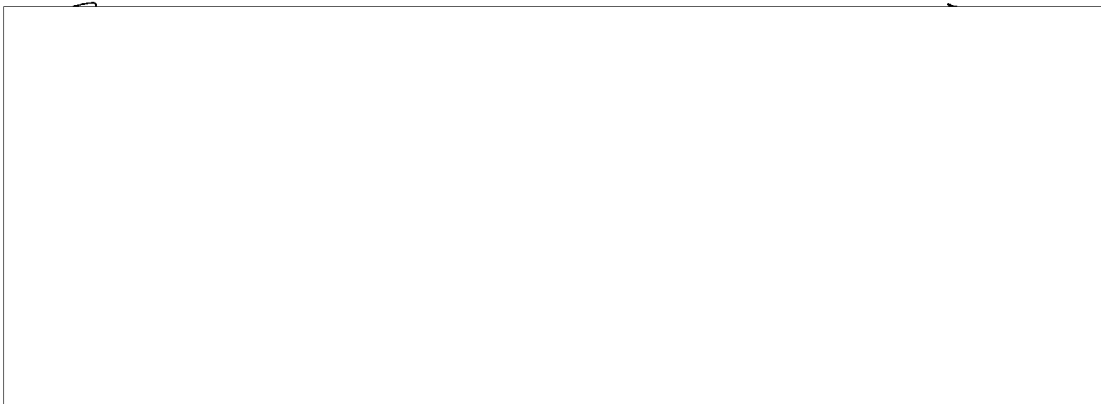


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Yesterday a Manila newspaper ran a letter reportedly authorized by Honasan that states he and his supporters will desist from hostile action against the government because of the pay increase and other efforts by Aquino to address military grievances and improve the government's performance. Various press reports suggest Honasan may surrender this weekend because he and his supporters will lose their military pay and family benefits if they remain absent without leave after Monday.



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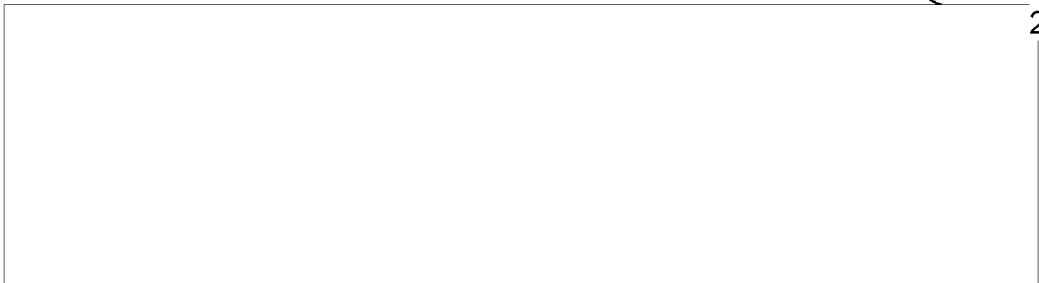
**Comment:** Honasan has been losing supporters and credibility as Aquino has moved to address military grievances. The pay increase is a major concession to the military and a strong incentive to surrender for rebels who do not want to be dropped from the payroll. But dissension in the ranks will begin to grow again if funding becomes a problem and the pay hike is slow in coming.



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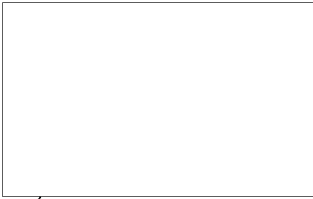


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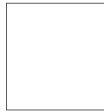
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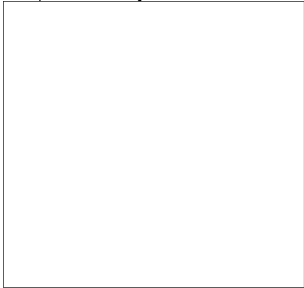
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**HAITI:**

**Tension Persists on Eve of Election**



**Tensions are high throughout Haiti on the eve of a national election as vigilante groups engage in retaliatory violence against rightwing attempts to derail the election process.**

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Neighborhood vigilante groups have killed at least six people this week. Several attacks ~~including two on US Embassy officials~~ appear indiscriminate. The ruling council has denounced the vigilantes and affirmed that the Army has sole responsibility for providing security during the election period. Some troops have been deployed to trouble spots in Port-au-Prince in the past several days, and military commanders have said they will provide election workers security and transportation, including helicopters, if ordered to do so by the council.

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The council, however, continues to show little regard for the security of the election and the electoral commission. On ~~Tuesday~~ two leading commission members publicly accused the council of failing to provide adequate security and of ignoring their requests for logistic support.

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~~Meanwhile~~ campaigning by the many candidates who are running for president has intensified, and several centrists are exploring the possibility of forming coalitions after the first round of balloting. ~~According to US Embassy reporting~~ Campaigning for legislative offices also has increased: there now are 76 candidates for 27 senate seats, and 247 candidates for 77 seats in the chamber of deputies. More than 70 percent of the eligible voters have been registered, but some polling places may not have ballots and other supplies tomorrow. ~~According to the Embassy~~

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**Comment:** The emergence of vigilante groups to protect the election process increases the likelihood that balloting will proceed but also risks a rising spiral of violence. Such violence, regardless of the motivations of the perpetrators, might drive a large number of voters from the polls and give rightists in the military an excuse to attempt a coup in the hope of preempting the elections. Although balloting probably will occur on schedule ~~tomorrow~~ continued violence at the current level could seriously ~~complicate~~ efforts to install a democratic civilian government in February.

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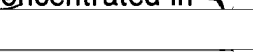


**NICARAGUA:**

**Military Developments**

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**The Sandinistas have increased counterinsurgency operations in the north amid continued insurgent hit-and-run attacks.** 

A government sweep operation that began two weeks ago to relieve rebel pressure on towns in the north has intensified as the Sandinistas have committed additional troops to encircle rebels. ~~Concentrated in the boundary area between Military Regions 1 and 6,~~ 

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Insurgents in the south attacked a government microwave facility early last week, destroying two 30-meter towers and a control building.  Telephone communications between Managua and the south of the country were interrupted for at least six days as a result of the attack, according to press reports. 

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**Comment:** The Sandinistas probably hope any rebels not killed or captured in the current operation will be forced to seek haven farther east in one of the government's proposed cease-fire zones. Thus far, however, government forces have failed to dislodge rebel units from the Quilali area. 

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The rebels have evaded government forces by dispersing into smaller groups, reforming, and ambushing their pursuers. The insurgents ~~in the boundary area between Military Regions 1 and 6,~~ however, appear to have moved closer to Sandinista radar-guided antiaircraft batteries that might threaten their aerial resupply operations. 

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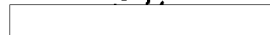


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**USSR/US: Propagandists Preparing for Summit**



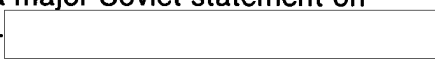
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Some 100 Soviet journalists have requested US visas for next month's summit, ~~according to the US Embassy in Moscow,~~ underscoring the regime's awareness of the importance of image building to a successful foreign policy and to General Secretary Gorbachev's prestige at home. They include the heads of Novosti, TASS, and the State Television and Radio Committee, as well as several leading newspaper editors and political commentators. The rank of the applicants exceeds that of the Soviet media representation at either the Geneva or the Reykjavik summit.



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**Comment:** Gorbachev's propaganda chief, Politburo member Aleksandr Yakovlev, reportedly ordered the strengthening of Soviet press representation at Reykjavik and apparently is aiming higher for Washington. Several of the media officials planning to attend are members of the party Central Committee. The presence of such senior media figures might presage a major Soviet statement on Afghanistan or some other key issue.



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**UK-USSR: Gorbachev Invited for Presummit Meeting**

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Prime Minister Thatcher's invitation to General Secretary Gorbachev for a meeting in the UK on 7 December on his way to Washington will buttress her image as a world leader and provide her with an opportunity to help shape the post-INF agenda. Thatcher told the House of Commons she plans to discuss internal reforms in the USSR and prospects for arms control in post-INF Europe; the Soviets have not announced the issues they will raise



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**Comment:** Thatcher is likely to use her meeting to ensure that Gorbachev understands European interests and priorities in arms control before he signs an INF deal in Washington. She has stated that the West should not remove other categories of nuclear weapons from Europe without progress in reducing conventional and chemical weapons. Foreign Secretary Howe said this week the UK had not absolutely ruled out putting its submarine-launched missiles on the negotiating table, and Gorbachev may want to explore British attitudes toward limiting the number of warheads in London's modernization program if the US and the USSR negotiate 50-percent cuts in strategic weapons. He may also be seeking Thatcher's views on a prospective START agreement and support for continued US adherence to the ABM Treaty.



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**ROMANIA: Popular Hatred of Ceausescu Grows**

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Popular hatred of Romanian President Ceausescu, which has been building for several years, has taken on a harder edge in recent weeks, according to the US Embassy. a recent series of minor and unconnected protests directed against the President and his even less popular wife increased grumbling that the time has come for someone to kill the Ceausescus. Still other Romanians reportedly amuse themselves by speculating openly about painful ways for them to die.

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**Comment:** The reemergence of grim humor and bitter grumbling undoubtedly reflects intense concern about the approaching winter. Many Romanians believe they face record food, heat, and energy shortages as well as crumbling social services and punitive wage cuts and layoffs. As in late 1985, when memories of the previous severe winter produced similar fears, exaggerated rumors of further draconian restrictions might trigger spontaneous protests such as the recent riot in Brasov. The situation is likely to be most tense in late winter when privately stored supplies are depleted and economic production slows in the face of energy cutbacks and transportation bottlenecks. Ceausescu probably faces little direct threat from popular discontent, but the grim mood contributes to his growing isolation within the party leadership, where a move against him would have a greater chance of succeeding.

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**BANGLADESH: Ershad Declares State of Emergency**

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President Ershad declared a state of emergency throughout Bangladesh yesterday in a bid to head off a 72-hour general strike scheduled to begin tomorrow. According to press reports, the measure was taken after opposition parties announced plans for fresh protests in defiance of earlier orders banning demonstrations. The government arrested nearly 50 people on Thursday to weaken further the opposition's organizational ability.

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**Comment:** Ershad almost certainly is under pressure from the military to end the general strikes that have crippled the Bangladesh economy. He is likely to order his police and paramilitary forces to do whatever is necessary to bring order to the streets. Heavy casualties, however, might provoke military intervention and Ershad's deposition, even though the Army fears Ershad's removal could split it into competing factions. Possible successors include Major Generals Noor Uddin Khan, Abdul Wahed, or Mohammed Salam. Chief of Army Staff Maj. Gen. Atiqur Rahman also could be called upon to head a new government, but his advanced age and poor health would probably make him an interim figure. No successor military government would offer a civilian replacement more than a figurehead position.

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**CHILE-US: New Strains in Relations**

The Chilean Ambassador to Washington has warned the US Ambassador to Chile of potential adverse reactions in Santiago to certain US initiatives. He charged the US was putting increasing pressure on Chile by lifting privileges for Chilean imports under the Generalized System of Preferences, supporting postponement of a World Bank vote on a structural adjustment loan for Santiago, and leaking false information about alleged Chilean cluster bomb sales to Nicaragua. He warned that these steps might harm bilateral trade and threaten Chile's free market economic model and implied that—in response to US pressure—President Pinochet might reverse the “progress” being made in opening up the political system and easing restrictions on the moderate opposition. 

**Comment:** Senior Chilean officials, who are customarily defensive about foreign criticism, have shown even more sensitivity in recent months. They probably fear a broad international effort to reject the World Bank loan in order to undermine Pinochet's campaign for reelection. At least some of them apparently believe that loss of GSP privileges and of the World Bank loan will be followed by US trade sanctions unless Pinochet shows more political flexibility. Pinochet, however, is not likely to abandon his reelection plans or democratize the political system significantly in response to foreign pressure. 


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**PANAMA: Anti-US Resolution**

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A nonbinding resolution calling for the closure of “unauthorized” US military facilities and restrictions on the entry of US military personnel is the Panamanian Legislative Assembly's response to US Senate draft legislation that would end aid to Panama. The resolution accuses Washington of attempting to overturn the 1977 Canal Treaties and calls on the government to refuse to negotiate an agreement on US base rights after 1999. The US Embassy says that members of the ruling coalition supported the resolution unanimously and that opposition deputies abstained or walked out. 

**Comment:** The ruling coalition, presumably with the approval of Defense Chief Noriega, is probably trying to marshal public support for the regime by highlighting perceived US interference in Panama's domestic affairs. Opposition members routinely boycott any legislative proposal by the majority. President Delvalle ignored Assembly demands for the expulsion of the US Ambassador and the Deputy Chief of Mission last summer and is not likely to act on most of the new proposals. The regime, however, may limit entry of US personnel and their freedom of movement in Panama, in hopes of complicating US military activities and signaling Panama's waning cooperation with the US. 

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**PHILIPPINES: Aquino Focusing on Economic Problems**

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President Aquino is taking a renewed interest in the Philippine economy, [Redacted] frequently asking her advisers on how best to promote economic growth. Over the past few weeks, she has made several tough policy speeches, promising to reduce the government's role in the economy and to enforce labor and anticorruption laws. According to the US Embassy, government officials are following up on Aquino's agenda and increasing efforts to sell government-owned and -run companies to private investors, while the Labor Department is enforcing back-to-work orders and removing illegal barriers from strike sites. [Redacted]

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**Comment:** During the first half of the year, the economy grew at 5 percent, well short of Manila's 6.5-percent target—largely because of lackluster performance in exports, agriculture, and foreign investment—and some private economists believe growth for the year will be no more than 4 percent. Moreover, any slowdown in world trade would undermine the export growth that Manila is counting on to sustain the recovery. Foreign investors are reacting cautiously to Aquino's speeches, citing bureaucratic red tape, political uncertainty, and electricity shortages as reasons for not investing. The attacks on US servicemen and multinational companies by the New People's Army probably will deter additional investment by US companies, which account for more than half of foreign investment. [Redacted]

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In Brief

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Europe



UK Prime Minister's fainting spell Tuesday acknowledged ... probably from exhaustion ... ~~\_\_\_\_\_~~ ... reflects Thatcher's determination to maintain vigorous schedule, end speculation on health. ~~\_\_\_\_\_~~

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Foreign Minister Dizdarevic, 61, nominated vice president of Yugoslavia's collective state presidency ... if elected, will serve one year as chief of state beginning next May ... may retain foreign policy influence, ~~has been uncooperative with US~~

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Africa



Massacre by Zimbabwean dissidents of 16 missionaries ~~Thursday~~, including two US citizens, possibly for government killing of leader ... dissidents tribally related to ZAPU opposition party ... may complicate ruling party's unity talks with ZAPU. ~~\_\_\_\_\_~~

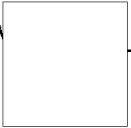
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South Africa's move to ban rally, speech ~~today~~ by ANC leader Mbeki reflects security concerns ... sudden decision to withdraw government permit will probably provoke scattered violence ... Pretoria likely to respond harshly if organizers ignore ban. ~~\_\_\_\_\_~~

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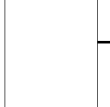
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Americas



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Aeroflot landed in Panama Thursday for first time in decade to rotate fishing fleet crews ... USSR reportedly negotiating agreement for two flights per week, servicing of fishing ships ... Panama expecting to profit from deal, irk US. ~~\_\_\_\_\_~~

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Oceania



Speaker of Papua New Guinea parliament Akoka Doi appointed Foreign Minister ... ~~critic of US~~, no foreign policy experience ... strengthens Prime Minister Wingti's coalition after fractious cabinet shuffle earlier this month. ~~\_\_\_\_\_~~

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Middle East

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**Tunisia** on ~~Wednesday~~ announced arrest of 73 people, including military and police officials, in plot by fundamentalists to assassinate government leaders . . . may lead to renewed government crackdown on fundamentalists.

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**Arab League** delegation planning to visit **USSR** before US-Soviet summit to press for enforcement of UN Resolution 598 . . . probably hoping consensus at recent Arab summit will persuade Moscow to support sanctions against **Iran**

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Asia

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**Cambodian** Government press reports **Vietnamese** troop withdrawal under way . . . major reductions unlikely . . . Hanoi will claim it shows growing strength of regime, progress toward 1990 deadline for withdrawal, desire for diplomatic solution.

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**South Korean** opposition candidate Kim Dae Jung preparing for rally tomorrow in Seoul . . . hoping for 3 million . . . litmus test for Kim's popularity among pivotal Seoul electorate.

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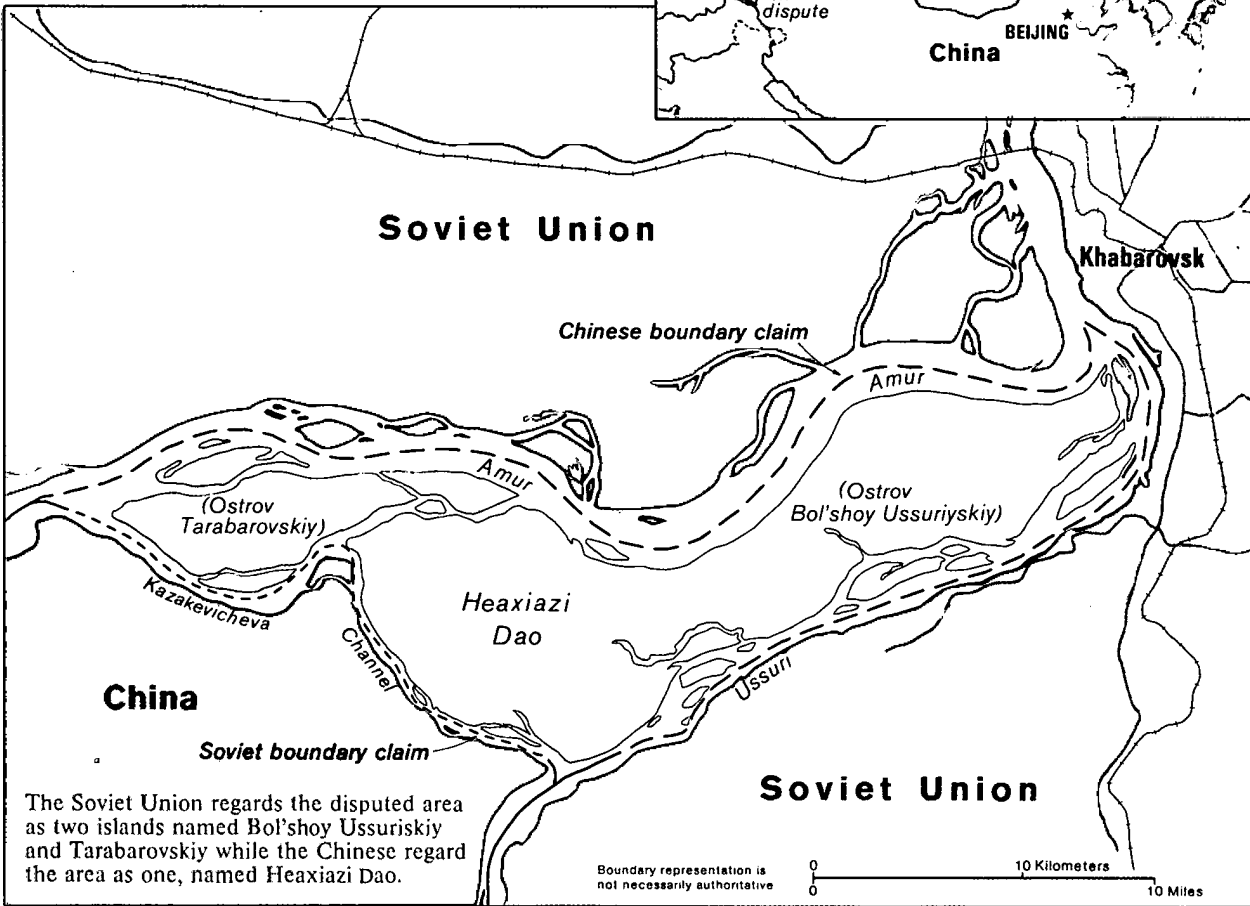
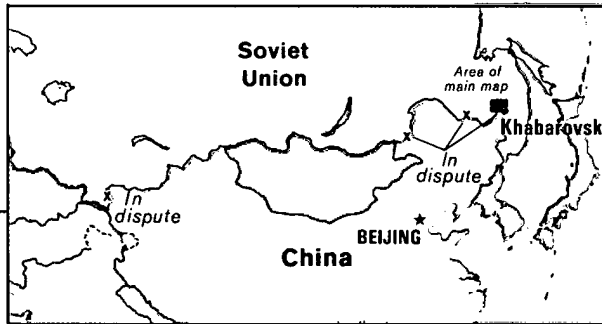
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**Sino-Soviet Disputed Area**



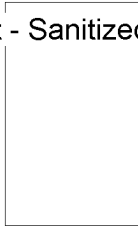
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### Special Analysis

**USSR-CHINA:**

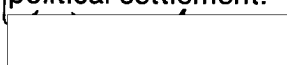
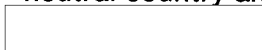
#### Signs of Progress on Cardinal Issues

**Moscow and Beijing seem to be narrowing their differences on Cambodia and reportedly have made headway on their border dispute. Although neither matter is likely to be resolved soon, the two sides may be making progress on one or more of the key points dividing them.**



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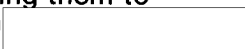
The Soviets are taking seriously Chinese concerns about Cambodia and have tried to convince the Chinese—who have called Vietnam's occupation the major obstacle to improved Sino-Soviet relations—that Moscow is interested in a political solution. ~~The Chinese recently told Under Secretary of State Armacost~~ that the Soviets were somewhat more flexible during discussions in Beijing last month in that they agreed for the first time that Cambodia should emerge as a neutral country and offered to help bring about a political settlement.



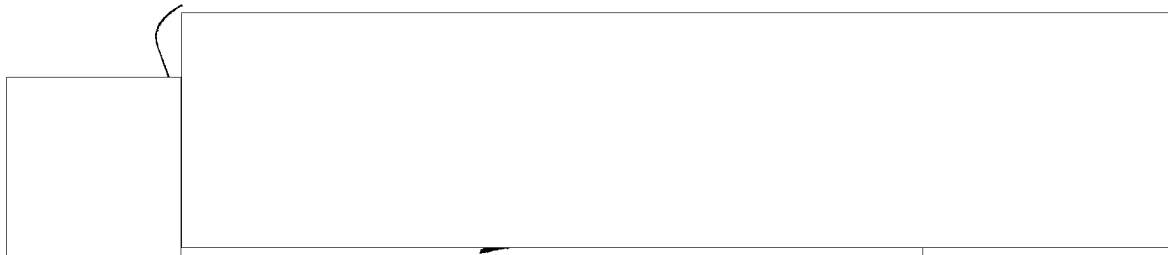
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Chinese leader Deng Xiaoping this month reiterated his willingness to meet with General Secretary Gorbachev if Moscow persuades Hanoi to withdraw its troops from Cambodia, according to press reports. This time, however, Deng stipulated the withdrawal must take place within two years—ostensibly because of his advanced age but probably to remind the Vietnamese that Beijing is holding them to their commitment to withdraw from Cambodia by 1990.



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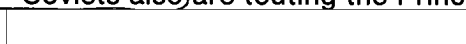
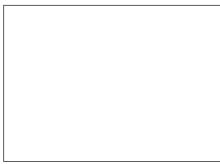


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~~The Chinese have acknowledged to US diplomats that their stand on Cambodia has shifted and that they are now more committed to Prince Sihanouk as the choice to head a neutral government. The Soviets also are touting the Prince as the key to a settlement. ~~and, are helping to arrange a meeting between Sihanouk and Prime Minister Hun Sen of the People's Republic of Kampuchea—talks that Beijing publicly says it also supports, despite Khmer Rouge reservations.~~~~



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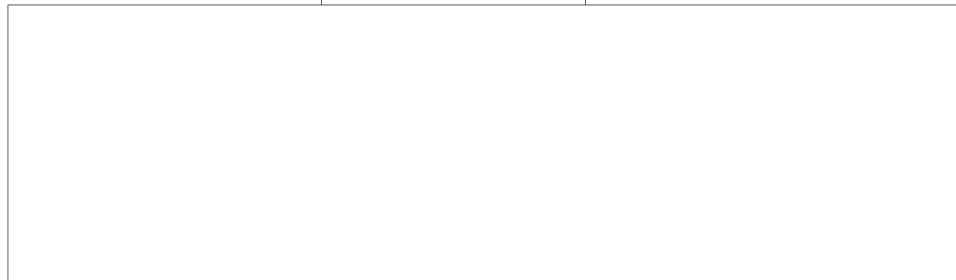
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**Border Marathon**

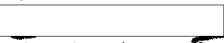

Although the Sino-Soviet border dispute is not one of Beijing's "three obstacles" to improved relations with Moscow, resolution of this longstanding problem could create a favorable environment for other agreements. The two sides have already made progress toward resolving the status of a contested group of islands opposite the Soviet city of Khabarovsk, ~~according to Chinese Vice Foreign Minister Qian.~~  

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Soviet and Chinese experts met in Beijing last week to exchange  technical information on the eastern sector of the riverine boundary, ~~according to a Soviet diplomat.~~ They are to meet again in Moscow early next year to examine the entire eastern section of the border, ~~according to Rogachev.~~ ~~Some Soviet officials have suggested~~ that the main reason for delaying the next round of normalization talks between Rogachev and Qian until June—rather than reconvening them in April as usual—was to leave a window for a new round of border talks in the spring, if the working group makes progress by then. 

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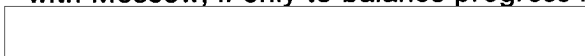
**Outlook**

Both sides handled the recent Chinese party congress and 70th anniversary of the Soviet Bolshevik Revolution in ways that underscored their interest in putting a gloss on their relationship. This may encourage them to look for new steps to narrow their differences on one or more of the key issues dividing them. 

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Moscow and Beijing will consider a number of domestic and foreign policy factors—including the results of the forthcoming US-Soviet summit—before making major moves. Although a successful summit ~~in Washington~~ might reduce the Soviets' immediate interest in their own "China card" and encourage them to stand firm against Chinese demands, it might stimulate Chinese interest in improved relations with Moscow, if only to balance progress in Soviet-US relations.

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**Pakistani Local Elections**

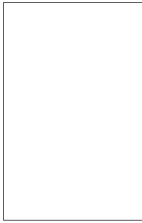


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**Special Analysis**

**PAKISTAN:**

**Local Elections**



**Prime Minister Junejo's Pakistan Muslim League probably will defeat Benazir Bhutto's Pakistan People's Party in local elections on Monday. The ground rules have been shaped to favor incumbents, most of whom are PML members. Even a fraudulent PML victory would not incite Benazir to launch street demonstrations. Violence would undercut her long-term strategy of positioning the PPP as a moderate nationalist party for the 1990 National Assembly elections.**

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Although the local elections are nominally nonpartisan, they shape up as a test of strength between the two parties. Voters will elect officials to district, township, and municipal governments. Both parties are making major commitments to the nationwide campaigns because the local governments disburse federal and provincial development funds.

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**Party Maneuvering**

Election ground rules favor incumbents, most of whom are PML members. Under these rules, candidates will run on a nonpartisan basis; the use of political party names or platforms is prohibited, and political rallies are forbidden. But officeholders can exploit the patronage—historically a powerful tool—their position gives them. Despite these PML advantages, the PPP regards the local elections as its best chance to regain the momentum lost after street confrontations with the government in August 1986.

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The PPP faces a stiff uphill battle in trying to defeat the PML. Prime Minister Junejo has sought to throw the PPP off balance by establishing a short election campaign that will limit the opposition's ability to organize. Moreover, the party has been weakened by defections of many of its local leaders since it fell from power in 1977. The most recent setback occurred in a National Assembly byelection in Punjab in September when the PPP candidate was roundly defeated, accelerating defections to the PML.

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The best hope for the PPP is that the PML may be overconfident. The PML has organizational problems. PML officials are worried that their party's big win in the byelection has lulled party workers into complacency.

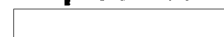
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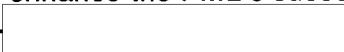
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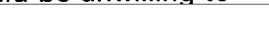
**Outlook**

The PML will probably win the elections because candidates associated with it will win a majority of the seats in Punjab Province, which includes more than half of Pakistan's population. Victories outside Punjab would enhance the PML's success but are not crucial to a credible showing.

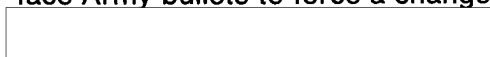


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A PML defeat would be a severe blow to Junejo's prestige, particularly if many PML candidates who also are members of the provincial and national assemblies are defeated. Junejo might face a parliamentary vote of no confidence, but no strong challenger to his authority has emerged within the PML. Benazir would probably still bide her time until 1990, fearing that President Zia and the Army would rally to Junejo's side and that the public would be unwilling to face Army bullets to force a change in government.



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**Special Analysis**

**USSR-  
NORDIC STATES:**

**Soviet Initiatives Advance**

***Keen Nordic interest in Soviet economic and environmental proposals is providing openings for Moscow's regional security initiatives and might ultimately sow disagreement within NATO.***



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In a speech in Murmansk last month, General Secretary Gorbachev proposed Nordic-Soviet cooperation on arctic research, resource exploitation, environmental protection, and the opening of a northern sea shipping route. He also revived two longstanding regional security concepts: a Nordic nuclear-weapons-free zone and naval confidence-building measures in northern waters. Gorbachev expanded previous Soviet arms control proposals by suggesting NATO-Warsaw Pact consultations on the reduction of naval and air activity in northern seas.



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Gorbachev tried to project an image of sensitivity to Nordic concerns and support for broad arms control measures. Moscow hopes to engender a regional discussion of security issues and erode support in the area for any increase in regional NATO activity or defense spending.



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Although Nordic governments are skeptical of Soviet security proposals—Copenhagen labeled them a step backward—they take pride in being treated as a distinct region with special concerns and are actively pursuing Soviet economic and environmental offers. Oslo and Moscow are planning joint projects in oil exploration, fishing, and mining. The Finns and the Soviets have launched three joint ventures—two more are being negotiated—and recently renewed a longstanding barter trade agreement. All the Nordics are anxious to negotiate pacts with Moscow on environmental protection.



Forthcoming high-level visits will provide the Soviets opportunities to renew offers of cooperation on nonsecurity issues, helping to foster a favorable atmosphere for Soviet security proposals. The leader of Denmark's opposition Social Democrats told the US Embassy he is willing to discuss security issues with Moscow in order to obtain economic and environmental benefits. Nordic governments have shown interest in advance notification of NATO and Warsaw Pact naval exercises and in exchanges of observers—issues that NATO successfully kept out of the CSCE and that, if pursued, would create friction within the Alliance. Moscow may also try to exploit Nordic fears of increased NATO deployments of nuclear-capable air- and sea-based systems in Western Europe to compensate for INF reductions.



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