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The Outlook for Sudden Change in Key Developing Countries

National Intelligence Estimate

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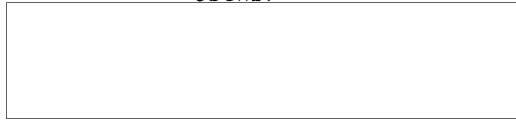
*NIE 7-86
January 1986*

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NIE 7-86

THE OUTLOOK FOR
SUDDEN CHANGE IN
KEY DEVELOPING COUNTRIES

Information available as of 16 January 1986 was used in the preparation of this Estimate, which was approved on that date by the National Foreign Intelligence Board.

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SCOPE NOTE

This Estimate updates, revises, and somewhat changes the scope and categories of NIE 7-85, *The Outlook for Sudden Political Change in Key Non-Communist Developing Countries*, of February 1985.

The present Estimate categorizes those countries or regional situations of geopolitical importance to the United States where, over the next two years or so, sudden change could either damage important US interests, provide new opportunities for advancing US interests, or transform some previously secondary issue into one demanding high-level US policymaking attention. It treats those areas—primarily in the developing world—where pronounced internal instabilities or regional tensions may be the source of significant sudden change. It does not include stable, highly developed friendly countries, or China, or the USSR, or countries that are so closely aligned with the USSR and so highly authoritarian that their prospects for sudden change are virtually nil in the time frame of this Estimate.¹

The factors this Estimate considers in determining the subject countries' geopolitical importance to the United States include: strategic maritime choke points; major oil producers; major debtors; key US allies or friends; geographic proximity to the United States; areas of traditional, substantial US or Allied influence; presence of important US Government communications or other technical facilities; and important US military access agreements or possible future US military involvement. These criteria have been established by the Intelligence Community for the purpose of making the NIE's judgments and should not be interpreted as suggesting that any particular US policies be adopted.

Our concept of "sudden change" refers specifically to developments requiring US policymakers' attention in order to adjust to new situations of significant threat or opportunity—developments such as the abrupt appearance of new leaders or important new economic configurations or stresses; the eccentricity and whim of individual leaders; the sudden major injection of the USSR's or an associate's influence into a given setting; those developments concerning terrorism and narcotics trafficking that materially affect political stability; or the sudden major aggravation of some local issue by regional tensions. With respect to the

¹ Thus, the Estimate does not include Japan, most of NATO, Israel, the Warsaw Pact countries, Cuba, Mongolia, North Korea, and Vietnam; it does include South Africa, Greece, Turkey, Angola, Mozambique, Ethiopia, and Nicaragua.

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last-named development, the Estimate focuses mainly on specific countries, but, where applicable, treats likely hotspot issues of a more transnational nature: for example, the clash of Syrian and Israeli interests in Lebanon, the Cyprus conflict, and the spillover from the Nicaraguan insurgency. Our concept of sudden change also includes significant policy departures by governments, as well as more "classical" political upheavals such as coups, unanticipated electoral upsets, and assassinations.

As contrasted with NIE 7-85, the present Estimate (1) treats certain Marxist and pro-Soviet countries; (2) places added emphasis on possible positive—as well as harmful—change; and (3) differentiates more clearly some of the earlier Estimate's categorizations concerning countries or situations of policy concern.

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KEY JUDGMENTS

As was the case in our previous Estimate (NIE 7-85) on sudden change, published in February 1985, we remain extremely concerned about the prospects for sudden change in the *Philippines* and *Sudan*, where the situations have continued to deteriorate seriously. We are also very concerned about *Liberia*, where an aborted coup in November 1985 demonstrated Head of State Doe's weakening grip on power. Moreover, political conditions still are unstable in *Nigeria* despite a coup in August 1985 that threw out an unpopular regime.

The current Estimate adds 10 new countries and two regional topics covering areas or situations of special importance to US policy—“*The Nicaraguan Insurgency*” and “*The Caribbean Basin*.” With the strengthening of military capabilities on the part of both the Sandinistas and the insurgents, the fighting in Nicaragua will widen and escalate; this is not likely to result in the overthrow of the regime but could lead to greater regional instability and possible changes in Managua's negotiating approach. In the Caribbean Basin, severe economic troubles and the associated political trauma will strain the stability of conservative governments and provide more opportunities for opposition leftist elements—and, behind them, Cuba, Libya, and the USSR.

Of the 10 new countries we have added, several, such as *Mozambique*, *Ethiopia*, and *Angola*, have been included because of changes in methodology since the previous Estimate, as discussed in the Scope Note. Sudden change in some of these countries, as well as in *Libya*, which is treated for the first time in this Estimate, could provide new opportunities for the United States. *South Africa* has been added because of new instabilities there, the worldwide publicity given them, and the consequent pressures on US policymaking. We have added *South Korea* because opposition to President Chun is growing; and *Zaire* because the leadership skills of President Mobutu Sese Seko, one of the United States' closest allies in Africa, will be sharply tested over the next two years as he struggles to cope with economic austerity and increased Libyan subversion.

Our judgments are categorized below and summarized in the map (figure 1) on page 7 and the tabulation on page 9.

Category A. Countries or regional situations of high geopolitical importance to the United States and in which during the next two years or so there is:

- (1) a better than even chance that there will be sudden change affecting key US interests:

The Philippines
The Nicaraguan Insurgency

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- (2) an even or somewhat lesser chance (30- to 50-percent) of such change:

Iran and the Persian Gulf
 Iraq
 Lebanon
 Syria
 Libya
 El Salvador (domestic affairs)
 Honduras (domestic affairs)
 Guatemala
 Panama
 Pakistan

- (3) only a 10- to 30-percent chance of such change, but where the interplay of particular political, economic, and social forces could affect US interests:

Smaller Persian Gulf states
 Jordan
 Egypt
 Saudi Arabia
 Turkey
 Greece
 Cyprus
 Argentina
 Brazil
 Mexico
 South Korea
 India
 South Africa

Category B. Countries or regional situations of some, but lesser, geopolitical importance to the United States and in which during the next two years or so there is:

- (1) a better than even chance that there will be sudden change affecting key US interests:

Liberia
 Nigeria
 Sudan

- (2) an even or somewhat lesser chance (30- to 50-percent) of such change:

Mozambique
 Tunisia

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- (3) only a 10- to 30-percent chance of such change, but where the interplay of particular political, economic, and social forces could affect US interests:

Angola
Ethiopia
Kenya
Zaire
Chile²
Colombia
Peru
Jamaica

Category C. Countries or regional situations not of pronounced geopolitical significance at the moment but where there is at least a 30-percent chance that radical forces, backed by such hostile states as Cuba, the Soviet Union, or Libya, could significantly increase their influence, requiring high-level attention by US or other Western leaders:

The Caribbean Basin (minor islands, Dominican Republic, Haiti, Dominica, Guyana, and Suriname)
Malta
Chad
Niger
Senegal

Our Evaluation of the Judgments of NIE 7-85

NIE 7-85 rather accurately anticipated:

- The continuing downhill slide of events in the *Philippines*.
- The coups in *Sudan* and *Nigeria*.
- The strides President Duarte would make in winning popular support in *El Salvador*, as illustrated in the Christian Democrats' landslide victory in the legislative and municipal elections last March.
- The victory of Alan Garcia in the Peruvian elections this past April and the fact that *Peru* would become a more difficult negotiating partner for the United States and the international community.

The Deputy Director for Intelligence, Central Intelligence Agency, believes the forces at work in Chile place it in Category B(2). He judges that increasing polarization resulting from President Pinochet's intransigence, the moderates' determination to force a political negotiation, and the capacity of the Communists to elevate the level of violence yield a 30- to 50-percent chance for significant change in the political equation.

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- That President Barletta would resign under pressure from defense chief Noriega in *Panama*.

NIE 7-85 was somewhat overly pessimistic in its description of likely events in Greece, Pakistan, Cyprus, Lebanon, and Argentina:

- In *Greece*, Papandreaou did not have to rely on the support of the Communist Party in his reelection.
- President Zia's political position in *Pakistan* has turned out to be somewhat stronger than depicted; however, pressures persist on Zia to restrict or stop support to the Afghan resistance.
- We now think the probability for sudden change in the *Cyprus* conflict is only 10- to 30-percent. It was previously placed in a category of 30- to 50-percent chance of sudden change. While open military conflict is not likely, neither is a negotiated settlement.
- Primarily because of the Israeli withdrawal, we believe the chance for sudden change in *Lebanon* adverse to US interests to be somewhat less. However, the continuing conflict between Israeli and Syrian interests in Lebanon, aggravated by continued resistance by various Lebanese armed factions to Israel's continued presence in South Lebanon, provides a significant opportunity for a crisis detrimental to US interests.
- The minority, alternative view held by the Director of the Defense Intelligence Agency and chiefs of the military service intelligence organizations in our previous Estimate concerning *Argentina* (only a 10- to 30-percent chance of sudden change) has now become the present Estimate's position. Previously, the majority of the Intelligence Community placed Argentina in a category of 30- to 50-percent chance of change. President Alfonsin enjoys rather broad political support, and the opposition Peronist Party is divided and on the defensive.

NIE 7-85 somewhat understated the potential for instability in Liberia, and, as described previously, our concern about developments in this country has grown.

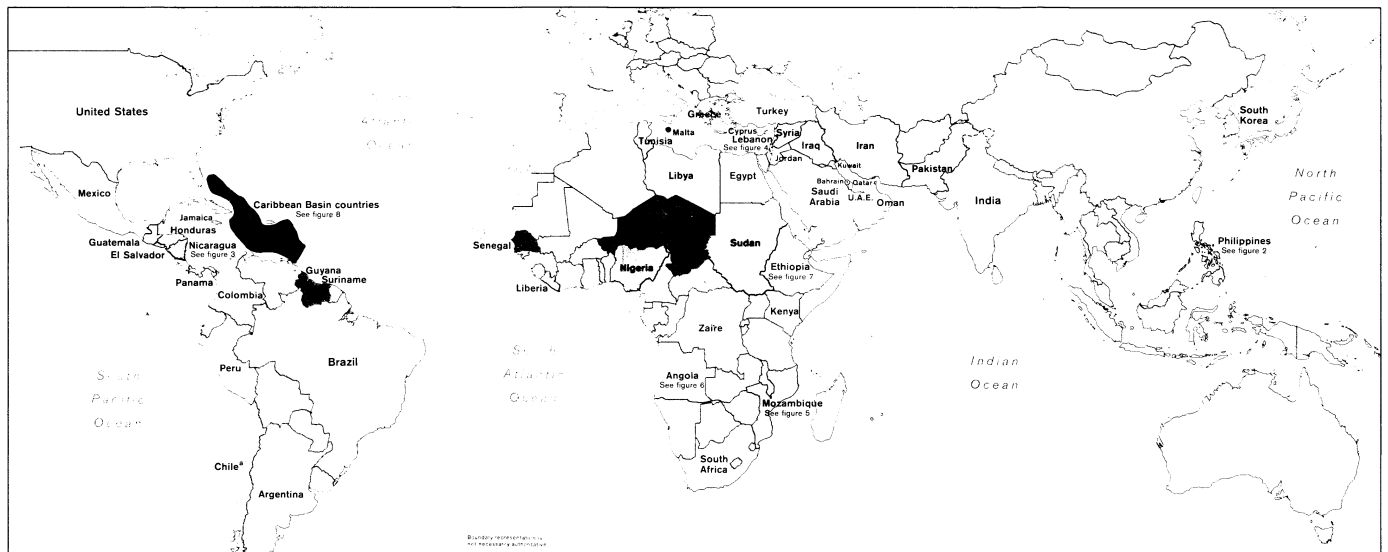
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Figure 1
The Probability for Sudden Change in Key Developing Countries During the Next Two Years or So

Country or regional situation where there is that there will be a sudden change affecting US interests

. . . a better than even chance . . .
 . . . an even or somewhat lesser chance (30-50%) . . .
 . . . a 10-30% chance . . .
 Country or regional situation not of pronounced geopolitical significance at the moment but where there is at least a 30% chance that radical forces, backed by such hostile states as Cuba, the Soviet Union, or Libya, could significantly increase their influence, requiring high-level attention by US or other Western leaders.



* See alternative view expressed in footnotes 2 and 7.

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Summary of Judgments: Outlook for Sudden Change
Category A

(High geopolitical importance)

Category B

(Some geopolitical importance)

Category C

(Not of pronounced geopolitical significance at the moment but having at least a 30-percent chance that radical forces, backed by such hostile states as Cuba, the Soviet Union, or Libya, could significantly increase their influence)

(1) Prospects for change better than 50 percent

- The Philippines
- The Nicaraguan Insurgency

(1) Prospects for change better than 50 percent

- + Liberia
- Nigeria
- Sudan

- The Caribbean Basin
- Malta
- Chad
- Niger
- Senegal

(2) 30 to 50 percent

- Iran and the Persian Gulf
- Iraq
- Lebanon
- Syria
- Libya
- El Salvador (domestic affairs)
- Honduras (domestic affairs)
- Guatemala
- Panama
- Pakistan

(2) 30 to 50 percent

- Mozambique
- Tunisia

(3) 10 to 30 percent

- Smaller Persian Gulf states
- Jordan
- Egypt
- Saudi Arabia
- Turkey
- Greece
- Cyprus
- Argentina
- Brazil
- Mexico
- South Korea
- India
- South Africa

(3) 10 to 30 percent

- Angola
- Ethiopia
- Kenya
- Zaire
- Chile ^a
- Colombia
- Peru
- Jamaica

Countries listed in NIE 7-85 that have been removed from this Estimate

- Israel
- Costa Rica
- Bolivia
- Yugoslavia
- Morocco
- Guyana ^b
- Seychelles
- Suriname ^b
- Dominica ^b
- Sri Lanka
- Hong Kong (colony)

-
- + Judgment of the probability for sudden change raised since NIE 7-85
 - Judgment of the probability for sudden change lowered
 - Country or regional situation newly included

- ^a See alternative view expressed in footnotes 2 and 7.
- ^b Subsumed under discussion of the Caribbean Basin.



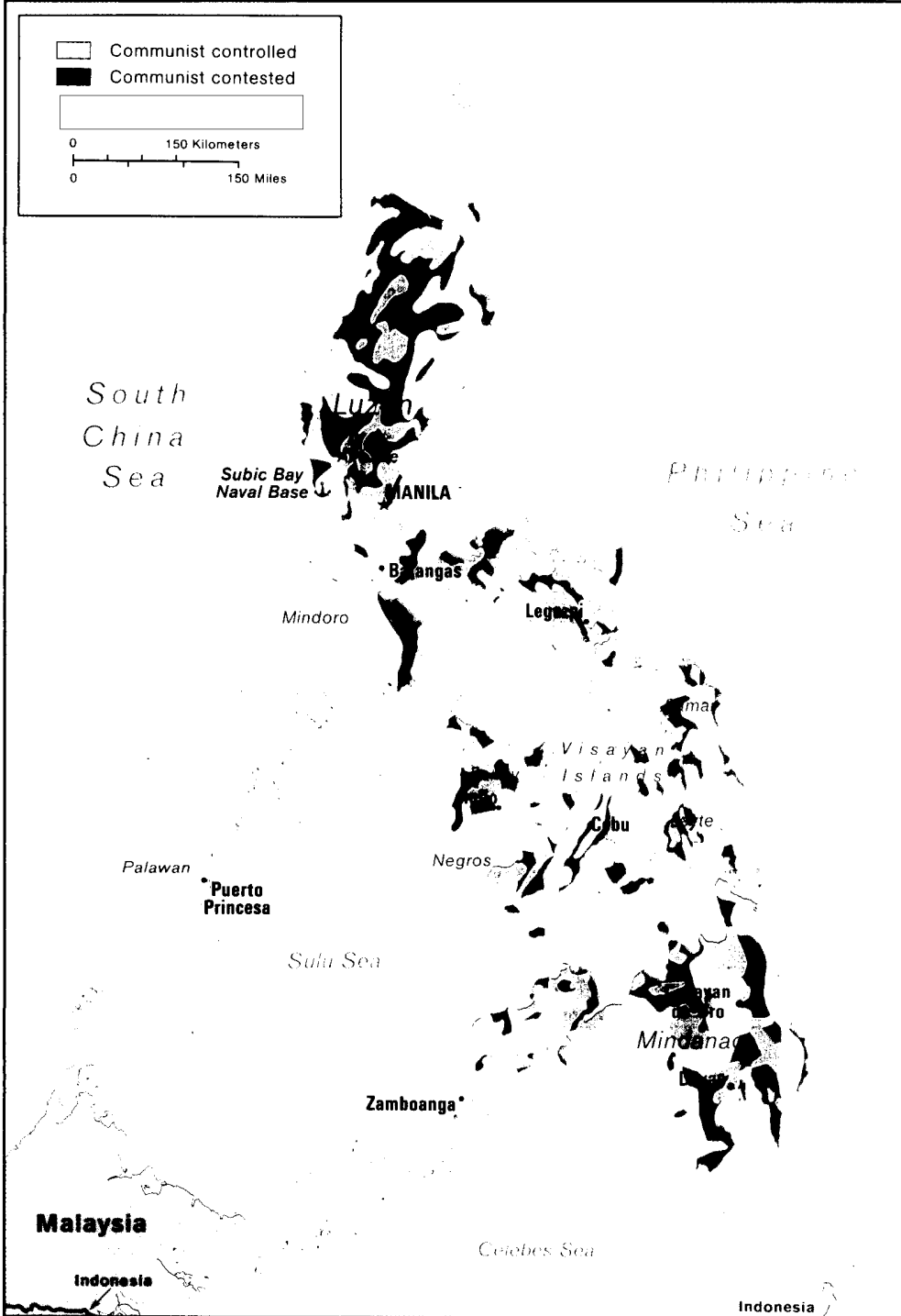
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Figure 2
The Philippines: Areas of Communist Influence



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DISCUSSION

Since February 1985, when we issued our previous Estimate on sudden change (NIE 7-85), we have revised our judgments, which are grouped into the categories that make up the main headings for this discussion.

Category A(1)

Countries or regional situations of high geopolitical importance to the United States and in which during the next two years or so there is a *better than even chance* that there will be sudden change affecting key US interests

The Philippines

1. The most disturbing Third World trend since NIE 7-85 has been the serious, continuing deterioration of the Philippine security, political, and economic situation:

- The Communist New People's Army conducted several successful, large-scale attacks against Philippine military units in mid-1985, particularly in the Negros, Samar, Bicol, and Cagayan Valley areas; and the party has been laying the groundwork to begin a campaign of urban terrorism in Manila while continuing its terrorist campaign in the cities of Davao and Cebu. (See figure 2 for areas of Communist influence.) The military's effectiveness against the insurgents has been hampered by widespread corruption, equipment shortages, weak logistics, low morale, and command and control problems.
- The economy continues to suffer under a \$26 billion foreign debt and the effects of a severe financial crisis. Philippine economists estimate that national output fell by 4.6 percent in the first half of 1985, following on the heels of a 5.3-percent decline in 1984. Bankruptcies and business closings are widespread, and unemployment has reached 15 percent—about 3 million people. While International Monetary Fund (IMF) disbursements have resumed, they may be halted again if the Philippines is found to be out of line with IMF recommendations. The economic squeeze has increased official corruption, which has further undermined the government's credibility.

- President Marcos survived his health crisis of last winter, but his condition continues to deteriorate.
- Growing frustration with Marcos's authoritarian rule and myriad economic and social problems may threaten the President's tight grip on power.
- Military support for Marcos is eroding. While the group within the military that calls itself "The Movement for Reform of the Armed Forces of the Philippines" still is committed to the system, we believe this support would erode if Marcos continues to shy away from reforms and General Ver remains in de facto control of the armed forces.
- President Marcos's dramatic call for an early presidential election is intended to deflect US pressure for broader reform. While the moderate Aquino-Laurel opposition ticket offers Marcos a strong challenge, it will have difficulty mobilizing grassroots support nationwide on short notice. Marcos wants the polls to appear credible, but he reportedly has plans to manipulate the election results if necessary. Even if Marcos is reelected under any circumstance, however, his victory probably will not arrest the continuing political deterioration.

2. **Implications for the United States.** If coming months bring a general continuation of the present situation—a government consumed with political survival—the Philippines' problems will worsen, boding ill for broader US interests over the longer term. We do not believe a complete military victory by the insurgents is likely in the next two years, especially if they do not obtain substantial arms and ammunition from foreign sources. The chances of a Communist takeover will increase, however, the longer the present instability continues.

3. If President Marcos dies in office, a constitutional succession is the most likely immediate outcome. There is a possibility that a successor government would be more broadly based and have a greater

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chance of instituting effective reforms to restore government legitimacy. However, the Philippines is poorly positioned for a smooth leadership transition because Marcos has deliberately prevented a viable successor from developing and the present opposition is splintered and in some respects as self-serving as Marcos's regime. Moreover, there are many other ways in which a constitutional succession could go awry or be rejected, including a takeover attempt by First Lady Imelda Marcos and General Ver, or a coup by the military reformers or by senior officers reacting to Imelda's or Communists' attempts to seize power. Should Marcos become fully incapacitated, Imelda Marcos probably would try to conceal his condition at least for awhile. A declaration of incapacitation by the First Family or the National Assembly would trigger the legal succession mechanism.

4. Whatever the short-term outcome, US-Philippine relations over time are headed for much more troubled waters. Philippine nationalism is adopting a more anti-US tone; even certain members of the moderate opposition denounce the presence of US bases. At best, the price demanded by the Philippine Government for Clark Airbase, Subic Bay Naval Base, and other present US facilities will probably increase; at worst, the United States may have to give them up. This would be a major strategic loss.

The Nicaraguan Insurgency

5. Because of the strengthening of military capabilities on the part of both the Sandinistas and the insurgents, the fighting in Nicaragua will widen and escalate. (See figure 3 on insurgent areas of operations and estimated strength.) It is unlikely that this will lead to a realignment in the strategic balance between the two sides, the overthrow of the Sandinista government, or a fundamental shift in Nicaragua's present orientation toward Cuba and the Soviet Union within the time frame of this Estimate. However, a major escalation in the conflict could lead to *greater regional instability* and a *slightly better than even chance that Managua would do one or more of the following*:

- Undertake more serious, cross-border operations against insurgent base camps and staging points in Honduras and Costa Rica in an effort to pressure those governments into accepting a demilitarized zone or a multilateral peacekeeping force.
- Accept a regional agreement that curtails support for the Salvadoran insurgents, forces reduced troop and weapon levels, and regulates the presence of foreign advisers. Any such concessions on

Managua's part would probably be tactical and over time would be reneged on.

- Provide greater support for insurgent and subversive groups in neighboring countries to retaliate for the support given by those countries to the anti-Sandinista resistance.

6. **Implications for the United States.** Prospects of a prolonged war of attrition will be an incentive for the Sandinistas to continue negotiations, and an obstacle to their desired adventurism in the region. Although the most likely concessions made by the regime in regional negotiations would be tactical, the Sandinistas' signature on an agreement would provide an opportunity for increased international scrutiny of their activities, as well as a mechanism to enforce their compliance or expose their duplicity. Nevertheless, increased fighting also will pose some risks for US interests in the region. The Sandinistas increasingly are eager to eliminate insurgent use of Honduras and Costa Rica as safehavens. If insurgent military pressure grows, the risk will be greater that Managua will send more forces, more frequently, across their borders—which could lead both Honduras and Costa Rica, among other measures, to seek additional US security assistance and a firmer public pledge of US support. Greater and more lethal border clashes also will heighten debates in Tegucigalpa and San Jose over the issue of whether to support the insurgents, perhaps ultimately weakening the countries' anti-Nicaraguan stances. Furthermore, greater Cuban and Soviet support, including an increased Cuban military presence and more sophisticated weapons, is likely as the war progresses. A long stalemated civil war in Nicaragua, one in which the insurgents do not gain military and political momentum, will almost certainly provoke increasing international pressure on the United States to cease support to them.

Category A(2)

Countries or regional situations of high geopolitical importance to the United States and in which during the next two years or so there is an even or somewhat lesser chance (30- to 50-percent) of sudden change affecting key US interests

Iran and the Persian Gulf

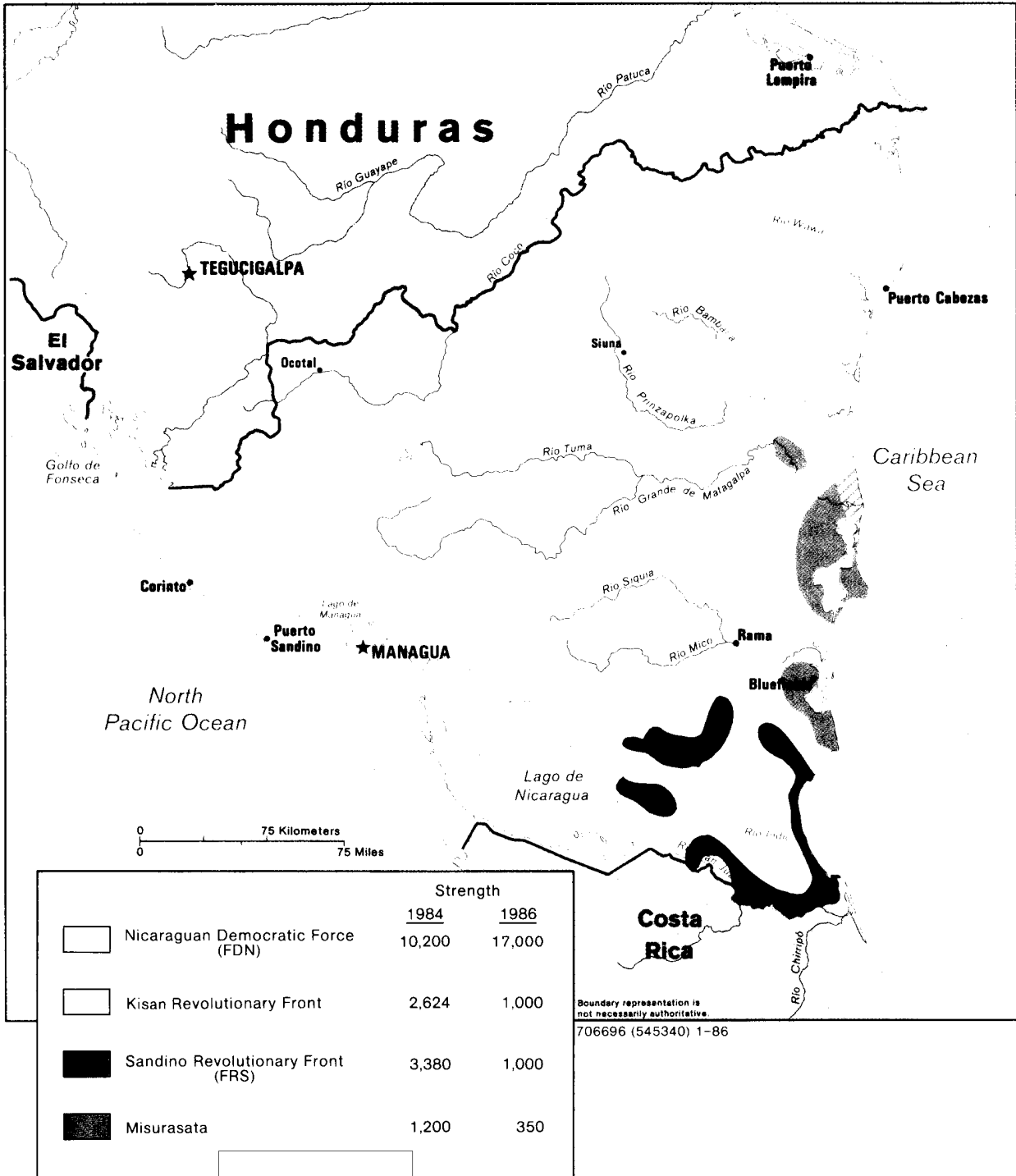
7. The Iranian regime is now facing its most serious challenges since Khomeini consolidated power in late 1981. The prospects approach 50 percent that the regime may experience even more instability before Khomeini dies:

- The regime's popularity has declined, primarily because of intensified disillusionment over the war with Iraq and a serious faltering of the

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Figure 3
Nicaragua: Insurgent Areas of Operation and
Estimated Strengths, July-August 1984 and January 1986



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economy brought on by falling oil revenues. Low foreign exchange reserves have led Iran to reduce its imports drastically. Industrial output fell 24 percent from March through June 1985, as compared with the same period in 1984. The heavy casualties in Iran's failed offensive of March 1985, combined with Iraqi airstrikes on Iranian cities, resulted in widespread antiregime demonstrations. Strikes or demonstrations would be particularly destabilizing if they became cyclical and self-generating, such as those that devastated the Shah's government. Moreover, differences over how to divide a shrinking economic pie are likely to further conflicts between opposing factions. No organized opposition capable of exploiting discontent has yet emerged, however, and a significant proportion of the populace still appears to favor a government based on Islamic precepts.

- The impact of these problems is compounded by the 84-year-old Khomeini's uncertain mental and physical health. Once Khomeini is removed from the scene by failing health or death, there will be no one with sufficient stature and charisma sufficient to capture the support of the masses or contain clerical infighting.
- There have been reports of clashes in 1985 between factions of the Revolutionary Guard, in which rival clerics and other senior figures in the regime have been trying to line up support. The Guard will further fracture when Khomeini dies, and might even engage in a power struggle before then. A variety of leaders are rumored to have private armies.
- If Iraq places severe pressure on Iran by cutting off most Iranian oil exports from Khark Island for an extended period or destroying other major economic targets, Tehran probably would respond by sponsoring terrorist attacks against the Arab Gulf states and US interests in the region. Iran also might exercise its limited military options, including attacks on Arab oil facilities or on shipping in the Persian Gulf and through the Strait of Hormuz. We consider it unlikely that Iran would attempt to close the Strait by mining as long as it is able to export any oil through it and receive imports from merchant ships.

8. The Soviet Union is far better positioned than the United States to exploit and benefit from growing instability in Iran. Tehran has recently tried to improve relations with Moscow in order to reduce Soviet aid to Iraq and to gain Soviet weapons. As yet, the Soviets have not responded favorably to such over-

tures. A prolonged, violent power struggle that produced more widespread and intense instability in Iran probably would tempt the Soviet Union to support the more leftwing factions.

9. On the other hand, a conservative successor regime in Tehran—while Islamic in character and with a built-in anti-American bias—might be less inclined than is the present regime toward exporting terrorism, though not the Islamic revolution, and under certain circumstances might move very cautiously toward a more correct relationship with the United States. But additional major setbacks in Iran's war with Iraq could lead a successor Iranian regime—especially its radical elements—to stage major terrorist actions in many places in the world against the United States, in order to rally the Iranian people and increase the international isolation that weakens the moderates and reinforces the radicals' power. Iranian military attacks against Persian Gulf facilities and shipping probably would lead regional leaders to seek additional US military assistance or possible intervention.

Iraq

10. Although the faction-ridden Kurdish opposition is coalescing and giving Baghdad more trouble, we do not believe that ethnic unrest or the war with Iran significantly threatens President Saddam Husayn's regime for the near term. But with over 350,000 casualties and continuing economic hardships, civilian and military morale is sagging. Iraq's war strategy remains unclear, and its failure to sustain determined attacks against Iran's warmaking capabilities leaves Iran in a position to launch periodic, large-scale ground attacks. A major Iranian military success could destabilize the Iraqi political situation.

11. We do believe, in any event, that Saddam's political position will be more vulnerable than at present once the war ends—especially if the war is concluded on terms Iraqis perceive as unfavorable. If Saddam were overthrown and the ruling Ba'th Party retained power, damage to US interests probably would be moderate; but, if Iranian-backed Shia radicals gained control of the government, the consequences would be much worse, since such a regime would try to subvert the more moderate Arab governments friendly toward the United States.

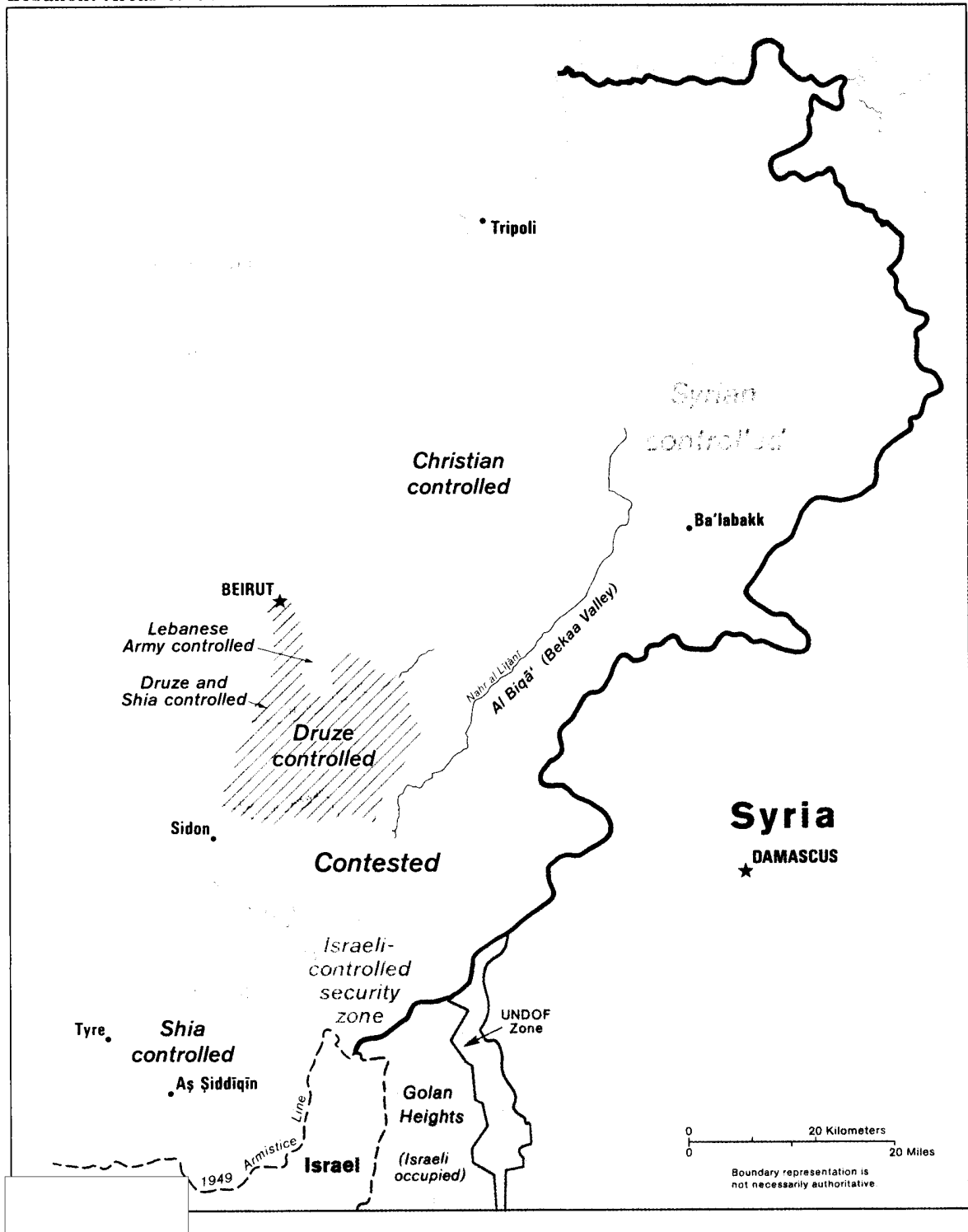
Lebanon

12. Lebanon's geopolitical importance to the United States stems from its geographical position bordering Israel and Syria. Sudden change—in particular, conflict between Syria and Israel in southern Lebanon—could damage US geopolitical interests and transform

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Figure 4
Lebanon: Areas of Control



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the present secondary issue there into one demanding high-level US policymakers' attention:

- Muslim-Christian reconciliation in Beirut is of direct importance to bilateral US-Lebanese relations, but it has only an indirect effect on the geopolitical issue of southern Lebanon. Continuing violence in Beirut restrains Syria and its Lebanese allies in their opposition to Israel's continued presence in southern Lebanon. Conversely, a sudden change of reconciliation in Beirut would free factions there—particularly the Shia Amal movement—to step up operations against the Israeli security zone in the south. Sudden major change, forward or backward, in the Arab-Israeli peace process could also lead to a flareup in the conflict between Israel and Syria in southern Lebanon.
- Syria continues to accumulate more influence in Lebanon. (See figure 4 for disposition of Syrian forces and Lebanese factions' areas of control.) It seeks a future there wherein communal fighting has been ended or seriously reduced, with Syria clearly the arbiter of Lebanon's fate. It is still uncertain whether something of this kind will result, or whether Lebanon will remain suspended in a chronic state of chaos, giving radical groups the opportunity to gain ground. Meanwhile, violence—particularly that arising from Shia elements—will create severe troubles for the region and for US interests, even though Lebanon's geopolitical importance will continue to stem from larger issues concerning Israel, Syria, and the Soviet Union.

Syria

13. President Hafiz al-Assad maintains a firm grip on power in Syria. Despite discontent among the country's majority Sunni group over the political predominance of the President's Alawite minority sect and an economy in terrible shape, Assad is unlikely to face a serious political challenge to his rule in the next two years or so. However, the President suffers from serious medical problems and could die or become incapacitated during the period of this Estimate. Because the succession has been left ambiguous and its mechanism untested, any predictions concerning potential leadership changes are very tenuous. Concern among the Alawite elite about a Sunni bid for power might act to dampen rivalries and contribute to an orderly succession, or Syria could face an intense period of political struggle by rival contenders.

14. In any event, however, any successor regime probably will be less stable—further complicating the

current peace process because of likely erratic swings in policy. A new leadership probably would be reluctant to risk making compromises with the United States and Israel while consolidating power, and might even adopt more aggressive policies in an attempt to prove its anti-Zionist credentials. More radical successors, moreover, would further threaten the position of the moderate Arab states in the region; and an unstable political situation could create opportunities for the Soviet Union to enhance its influence.

Libya

15. Shortages of food and consumer goods and repeated breakdowns in public services are heightening domestic discontent in Libya. These grievances are fed by disgust with Qadhafi's continual revolutionary exhortations and excesses committed by loyalists enforcing his revolutionary decrees. Overt signs of unrest have surfaced, including antiregime pamphlets and graffiti as well as coup plotting in the military and internal security forces. Exiled dissidents over the past year or so have obtained increased but still inadequate foreign support as part of their efforts to build up their network inside Libya. Qadhafi in turn has increased roundups and interrogations of suspected opponents and has drawn closer to radical ideologues. His security forces for the moment seem to be capable of handling his security problems. Nonetheless, the possibility of his overthrow, while less than even, has increased in recent times and is significant enough to justify placement in this category.

16. Qadhafi's ouster or assassination, over time, would provide the United States with significant opportunities to improve relations with Tripoli and lessen Moscow's influence. The new regime's initial concern probably would be the economy. However, even if a less radical regime takes power in Tripoli, we anticipate a continued interest by its leaders in pursuing Qadhafi's longstanding policy of ensuring regimes friendly to Libya in the region, particularly in Chad, Sudan, and Tunisia. We would expect such a regime also to carry over Libya's reliance on the Soviet Union for arms, including sophisticated new weapons that pose a greater threat to US aircraft in the Mediterranean. Whether terrorism, subversion, or diplomacy is used in a new regime's regional pursuits will depend on how radical the new leaders are.

El Salvador (domestic affairs)

17. President Jose Napoleon Duarte's party, the Christian Democrats, won a landslide victory in the March 1985 legislative and municipal elections, and Duarte has made impressive strides in gaining greater

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international support for his government. However, Duarte's poor handling of negotiations with the guerrillas for the release of his daughter has since damaged his support, at least temporarily, in the military and civilian populations. The government is maintaining military pressure on the insurgents, whose resort to urban terrorism has caused public confidence to falter. Even though such insurgent tactics are likely to backfire in the long run, costing the insurgents further popular support, we believe that insurgent disruptive capabilities remain a formidable obstacle to normalization.

18. At the same time, Duarte faces many constraints on his authority, as well as domestic challenges, such as mounting economic pressures. He has failed to gain the confidence of the private sector, per capita income continues to stagnate, and unemployment remains high—at 30 percent. Recent moves by the government to increase taxes, facilitate devaluation, and enact limited price controls, however, may help pave the way for reducing the deficit and obtaining additional outside aid. Duarte will continue to face opposition from powerful extreme rightists. Most important, the military high command will continue to wield a veto power over him, and would move to limit his power or remove him from office if he should attack their core interests. Perennial jockeying by ambitious officers for key command positions, moreover, is likely to intensify, distracting the military's attention from the effective conduct of the war.

19. US interests are tied very closely to Duarte's person, and assassination of the President remains a constant danger. If Duarte were killed, Vice President Castillo would be unlikely to maintain the same degree of political stability for long, although there are several highly qualified members of the Christian Democratic Party who probably would try to fill any such vacuum quickly. In any event, substantial US military and economic aid will continue to be crucial to the still-fragile democratization process for many years, and San Salvador will at the same time continue to be under domestic pressure to demonstrate a degree of independence from the United States.

Honduras (domestic affairs)

20. Liberal Party leader Jose Azcona was declared the winner of the presidential elections last year by the electoral tribunal. Potentially explosive issues, such as deep personal animosities within the parties and factionalism within the military, however, still are simmering. The democratization process will remain subject to sudden reversal. Domestic criticism of cooperation with US initiatives is likely to grow as long as

the anti-Sandinista insurgents continue to attract attacks from Nicaraguan forces that endanger Honduran lives. The United States is likely to have a harder time convincing the Honduran Government and military to support the US position concerning Nicaragua. The Honduran military high command also will press the United States for increased compensation; and may make further logistic support for the insurgents contingent on their movement out of Honduras and their ability to win some major victories inside Nicaragua.

Guatemala

21. Christian Democratic candidate Vinicio Cerezo Arevalo won the presidential election runoff late in 1985. The new civilian government, which was sworn in on 14 January 1986, faces a stagnant economy, recurring energy shortages caused by payment arrears to petroleum suppliers and aging equipment, and a decimation of foreign exchange reserves that limits the government's ability to pay for critical imports and keep current on debt services. Guatemala is headed toward another year of declining per capita income that will contribute to an unsettled political climate. Rising food prices and fuel shortages could cause more public protests.

22. During his campaign Cerezo failed to come up with a comprehensive economic program. Moreover, rightwing extremists—upset by their declining influence and electoral fortunes—may increasingly turn to violence, and might even try to seize power in a conspiracy with conservative senior officers if the present political consensus between the military and moderate civilian elites erodes and as the new regime struggles with chronic economic problems. Such a regime could reverse the process toward democratization and revert to oppressive measures.

23. On the more positive side, Guatemala's counter-insurgency program has eroded popular support for the leftist guerrillas and has reduced insurgent ranks to roughly half their 1982 level of some 3,000 full-time combatants; but the military's many continuing weaknesses will make further progress difficult.

Panama

24. As NIE 7-85 estimated, President Barletta's extremely weak political position led to his resignation under pressure from Panamanian Defense Force (PDF) chief Noriega this September. The last straw for Noriega probably was Barletta's unwillingness to protect the military from calls for an investigation of the assassination of Hugo Spadafora, a former Vice Minister of Health and longtime critic of Noriega.

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25. Barletta's successor, President Delvalle, has no political base, is in ill health, and is widely perceived as a figurehead for the military, and even they hold him in low esteem. He could be pushed aside in a matter of months, and there is no clear indication of who would be his likely replacement. Meanwhile, the ruling Democratic Revolutionary Party (PRD) is taking on an increasing leftist and anti-US tint as a result of recent leadership change, probably influenced by Noriega. This combination of political uncertainty and increased leftist influence in the ruling party has led to greater political and military tensions between the United States and Panama, which could worsen dramatically in the next year or so.

Pakistan

26. President Zia's political prospects have not proved quite as precarious as portrayed in NIE 7-85. He is maintaining fairly firm control of Pakistan's gradual transition to democratic rule. Martial law was lifted in late December of last year. The President has the support of a formidable combination of interest groups encompassing most of the military, the bureaucracy, large business interests, new entrepreneurs, bazaar merchants, most clerics, and rural landlords. Although there has been a slight rise in opposition activity, Zia's opponents are fragmented and lack direction.

27. Other problems, nonetheless, argue for Pakistan's continuing placement in a category of 30- to 50-percent chance of sudden change. Zia must still contend with a faltering economy and a massive Afghan refugee problem. Without outside help or reforms, Pakistan's economic problems are likely to worsen, and the government will be forced to contemplate unappealing austerity measures. Prospects for sectarian conflict have increased as Shia opposition to the government's Sunni doctrine deepens. Shia radicalism could pose a greater threat to US lives and property in Pakistan.

28. There also is the continuing threat that the Soviet forces in Afghanistan will step up military pressure through airstrikes, raids, and perhaps a limited ground incursion. Such increased pressure would deepen divisions in Pakistan concerning support of the Afghan insurgents, inasmuch as Zia's continued support for the Afghan resistance is already being questioned by Pakistani politicians who favor direct negotiations with the Soviet clients in Kabul. In addition, the Afghan Government could seek to exacerbate such divisions, meddling among the Pathan tribes in the North-West Frontier Province in an effort to turn them against the government and the Mujahedin.

Although Zia professes to be unmoved by pressure from Moscow, the possibility for an accommodation with the Soviets could increase over the next two years.

29. Moreover, while nuclear testing may not occur within the time frame of this Estimate, Pakistan probably will become capable of producing enough fissile material to build a nuclear explosive device. This could set into motion a chain of events that would greatly worsen relations between Pakistan and the United States and would lead to dangerous tensions between Pakistan and India.

Category A(3)

Countries or regional situations of high geopolitical importance to the United States and in which during the next two years or so there is only a 10- to 30-percent chance of sudden change, but where the interplay of particular political, economic, and social forces could affect US interests

Smaller Persian Gulf States

30. Economic problems, political strains, spillover from the Iran-Iraq war, and radical Muslim fundamentalist subversion could affect the stability of the small, conservative Arab Persian Gulf states. We believe there is a 10- to 30-percent chance that sudden political change will occur in at least one of these countries over the next two years and that such change is most likely in Bahrain.

31. In Bahrain and Kuwait, popular discontent is increasing because of declining oil revenues, unfulfilled political and economic expectations, and the corruption of the ruling families. The Kuwaiti National Assembly may try to force a confrontation with the government this year over issues relating to the Sabah family's perceived malfeasance and incompetence. In Bahrain the ruling Khalifa family's cavalier attitude and lavish spending in the face of rising unemployment are weakening support even among its traditional Sunni supporters, and pressure is increasing for a return to more representative government.

32. The general economic downturn in the Gulf is providing opportunities for domestic subversive groups intent on creating Islamic republics or forcing policy adjustments. Despite enhanced security measures, the sophistication of subversive activity has markedly increased. The threat of a direct Iranian military attack or a terrorist strike by Iranian-backed Shia radicals probably is greatest in Bahrain, Kuwait, and the United Arab Emirates. In the past, when under pressure the leaders of the smaller Persian Gulf states have

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made only cosmetic political changes that have not significantly affected relations with the United States. Takeovers, however, by the more fundamental Islamic radical groups—though not likely—could cause a sharp, serious deterioration in relations with the United States.

Jordan

33. There is little change in those factors affecting Jordan's potential for sudden change from those discussed in NIE 7-85. Regional tensions generated by King Hussein's decision to restore diplomatic relations with Egypt and seek Yasir Arafat's cooperation in peace negotiations with Israel have at least momentarily been mitigated by Jordan's reconciliation with Syria. A new falling out could easily occur, however, leading Syria to resume a terrorism campaign against Jordan. Any foreseeable terrorism campaign would be unlikely to seriously affect the regime's stability unless it results in the assassination of the King. His death probably would not alter Jordan's pro-Western orientation during the period of this Estimate, but it probably would lead to a breakdown of the momentum of the moderate Arabs' efforts to coalesce. Hussein is such a key player in the Middle East peace negotiations that his assassination probably would completely disrupt the peace process.

Egypt

34. President Mubarak has dealt firmly with Islamic fundamentalists and has easily withstood public clamor to change his policies toward the United States and Israel in the wake of the Israeli bombing of PLO headquarters and the Achille Lauro hijacking affair. The rather sudden appointment in September of a new government headed by an economist, however, illustrates Mubarak's perceived vulnerability to criticism concerning the degenerating economy. Economic problems include declining revenues from oil sales and tourism, as well as extensive food subsidies that swell an already bloated budget. Mubarak is greatly concerned that economic austerity measures could drive more people to join the Islamic fundamentalists. But his immediate concern focuses on apparently increasing incidents of politically motivated violence in Egypt and against Egyptian interests abroad.

35. Another spectacular event—such as an additional Israeli attack against a target in a moderate Arab country—would reignite anti-US and Israeli passions and probably lead to more widespread protests against Mubarak's government. Such violence could force Mubarak to further scale down ties to Israel and

increase anti-US rhetoric. If Mubarak were assassinated, the mostly apolitical military probably would oversee a smooth leadership transition.

Saudi Arabia

36. The Saudi economy continues to contract because of the soft oil market. The decline in oil revenues and in the value of its international assets is forcing the government to pare expenditures, cutting subsidies and civil service benefits. Construction has borne the brunt of the cutbacks so far and will continue to do so. After repeated threats, Saudis have acted unilaterally to raise oil production.

37. Criticism of the royal family's lavish habits is increasing but is not yet politically significant. However, as fiscal austerity continues over the next couple of years, royal infighting and public discontent could grow—resulting in precedent-setting antiregime activity. A damaging spiral probably would then develop if the royal family was viewed as not attempting to put its own house in order and instead relying on harsher repression while continuing its spending sprees. The United States over time could become the target of antigovernment opposition rhetoric, and prospects for terrorism against US facilities and personnel remain high—especially in the oil-producing Eastern Province (Ash Sharqiyah), where the Shia population is significant.

Turkey

38. Prime Minister Ozal's government remains fairly secure despite continuing increased criticism of his economic policies. Inflation and unemployment are high, and large repayments of previously rescheduled debt fall due this year. Ozal retains military support, and the military are unlikely to intervene unless economic problems or domestic terrorism drastically increase. In addition, continuing competition between the leftist parties may further dilute their support. Ozal, however, suffers from a heart condition and has no obvious successors on the left or right. One other potential source of problems is Kurdish terrorism. The government is containing the terrorist threat so far but is not capable of extinguishing it as long as unsettled conditions in Iran and Iraq permit Kurdish separatist activity to flourish along the Turkish border.

Greece

39. Events have not been quite as adverse to US interests in Greece as NIE 7-85 predicted. Prime Minister Papandreou won a decisive victory in the elections last June, leaving him in a strong position

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domestically. Thus, the ruling Socialist party was able to form a majority government that is not dependent on support from the pro-Moscow Communist Party. As the previous Estimate noted, Papandreu's anti-Western theatrics so far have not been matched by actions, and in recent months he has stated his desire for "calmer waters" with the United States, largely for economic reasons. We expect Athens to seek renewal of the Defense Economic and Cooperation Agreement (DECA), but on terms more favorable to Greece. The government, for example, probably will not choose to close any of the four principal US military facilities, although it probably will seek relocation of the more visible operations at Hellenikon, and it may try to eliminate or restrict US activities not covered in the DECA.

40. Concerning other aspects of its foreign policy, Greece will continue to sporadically disrupt NATO, push for more aid and better terms from the EC, and continue its efforts to expand ties to Middle East and Communist states—primarily for economic reasons. In addition, Athens will continue to push for wider Allied acceptance of its position on Aegean issues, and persist in its strident anti-Turkish rhetoric and actions. A major armed conflict between Greece and Turkey does not appear imminent, however. Meanwhile, the economy will continue to be Papandreu's greatest challenge over the next two years and is making him think twice about policies that jeopardize US payments. Greece faces growing unemployment and balance-of-payments difficulties, and the government's latest economic belt-tightening measures sparked large protest strikes. However, if the government hopes to revive the ailing economy, it will have to undertake additional, even more fundamental, reforms.

41. Moreover, the Socialist government is only beginning to take seriously the terrorist threat from both domestic and foreign groups. Although terrorist incidents to date have been relatively few relative to the number in other West European countries, terrorism against US targets may grow, and government security forces will continue to lack the ability to monitor and combat such activities.

Cyprus

42. We have downgraded the probability for sudden change in the Cyprus conflict.³ Open military conflict is not likely, but neither is a negotiated settlement. Neither President Kyprianou nor Turkish leader Denktash is enthusiastic about or committed to

³ NIE 7-85 placed the Cyprus conflict in a category of 30- to 50-percent chance of sudden change detrimental to US interests.

UN Secretary General Perez de Cuellar's peace plan. Since the two sides cannot agree on the plan, both probably will press the United States to use its influence to elicit concessions or compromises from the other. The Turks and Turkish Cypriots are lobbying for foreign recognition of North Cyprus as a separate state.

43. An armed conflict, although unlikely under present circumstances, would have even more severe consequences for US and NATO interests than those in 1974 when, in the aftermath of the Turkish invasion of Cyprus, Greece withdrew from NATO's military wing; Turkey restricted access to US military and intelligence collection facilities in response to a US arms embargo; and both countries demanded renegotiation of their respective base agreements with Washington.

Argentina

44. Argentina's probability for sudden change has been downgraded because we believe that President Alfonsin has been able to bring certain economic improvements, handle discredited former military figures, and garner broad political support.⁴ The President's Radical Party did very well in the 1985 congressional elections, winning about 44 percent of the vote, as compared with the opposition Peronist party's 35 percent. Moreover, the Peronists lost about 10 seats in the lower house of congress, and are divided and on the defensive.

45. In mid-June 1985, the government instituted an emergency economic program that included devaluing the peso, a substantial cut in government spending, wage and price controls, and increases in fuel and public utilities prices and taxes. These policies enabled the government to reach an accord with the IMF and sharply reduced Argentina's inflation rate. At present, there is strong public support for the measures, but this may wane over time. The Falkland Islands dispute with the United Kingdom is not likely to be resolved in the next two years or so and remains a potential flashpoint.

Brazil

46. President Sarney, who assumed office in March of last year when President-elect Neves became fatally ill, has managed to hold together the disparate ruling coalition and to guide through the Congress some popular reforms, such as legislation creating eventual

⁴ NIE 7-85 placed Argentina in a category of 30- to 50-percent chance of sudden change detrimental to US interests.

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direct presidential elections. The new President also has effectively handled labor so far through negotiations and moderate increases in real wages. While apprehensive over a likely increase in leftist political activism and influence, the military generally appears satisfied thus far with the transition to civilian rule.

47. Brazil's economic disorder—highlighted by recent bank failures—nonetheless continues and will be a tough task for Sarney to remedy. He is committed to boosting economic growth and funding long-neglected social needs even at the risk of aggravating the country's 225-percent inflation rate and setting back prospects for an agreement with international creditors. Sarney has rebuffed IMF pressures to tighten fiscal and monetary policies and has reinforced his commitment to growth-oriented policies by replacing his austerity-minded Finance Minister with an advocate of a more gradual approach to economic belt-tightening. While Brazil for part of this year probably will be able to do without new money from creditors because of its strong balance-of-payments position and large official reserves, a renewed financial squeeze and soaring inflation could jar the economy in late 1986 and 1987, precipitating a retrenchment and intensifying social strains. New demands could be made on the United States to help resolve Brazil's economic predicament.

Mexico

48. Despite President de la Madrid's July 1985 electoral victories, his government's image has been tarnished by election fraud, revelations of official involvement in drug trafficking, and the uncoordinated response to the earthquakes in September 1985. De la Madrid's presidency, now well over the halfway mark, increasingly will be hamstrung by economic problems, including falling oil prices, capital flight, and continued inflation. Yet we believe there is only a low probability that economic difficulties will lead to significant social unrest or a sudden change in government before de la Madrid leaves office in 1988. The opposition, particularly Mexico's largest leftist group, the United Socialist Party, is divided; and there are few signs of serious military discontent. While we do not anticipate a threat to the continuation of the regime, Mexico's economic problems could lead to greater outbursts of anti-US nationalism and to an increase in both illegal immigration and drug trafficking into the United States.

South Korea

49. President Chun is deeply unpopular, and the opposition party that emerged during the parliamentary

elections in February 1985 is aggressively challenging his leadership. Chun's return to a harsher posture against antigovernment activists and his refusal to compromise on fundamental political reform could impel the main opposition party to make common cause with protesters in the streets.

50. Reflecting a more polarized political atmosphere, student dissidents have become more active and confrontation-prone; antigovernment protests also have taken on a sharper anti-US tone since last spring. Structural adjustments in the economy and slow overall growth last year have aggravated discontent with government policies among workers and the public at large. Widespread stories of corruption involving Chun's relatives and rumors of Chun's plans for manipulating the presidential elections in 1988 also have undermined public respect for the government and have intensified frictions within the ruling camp.

51. While more extreme dissident elements are capable of mounting violent antigovernment protests, the major danger to Chun ultimately comes from senior military leaders who have already criticized his performance privately and have the capability to remove him. So far there is no evidence that military officers are ready to move against Chun, although a spiral of campus violence and large-scale protests involving workers and other nonstudents could sharply decrease Chun's military support and lead to his removal.

52. A military coup probably would not pose an immediate danger to fundamental US interests. Such a development, however, could seriously complicate US-South Korean relations unless quickly followed by movement toward a popularly elected civilian government. Any perception that the United States was prepared to support another Army-based government would deepen anti-US sentiments and make dealings on bilateral issues more difficult. Over the shorter term as well, the political turmoil that would accompany an irregular change of government could undermine confidence in South Korea's economy and basic stability, jeopardizing needed inflows of foreign capital and such image-building events as Seoul's hosting of the 1986 Asian Games and the 1988 Olympics.

53. Even in the absence of a coup, South Korean criticism of the United States—for interfering in domestic Korean affairs, for not using its influence to openly promote political liberalization, or because of hostility toward US trade measures—probably will grow. At the same time, both the Chun government and the opposition will seek to win US support directly or through appeals to US public opinion.

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India

54. Rajiv Gandhi is one of the world's most vulnerable democratically elected leaders, as demonstrated by the discovery in the spring of 1985 of a Sikh plot to assassinate him. Moreover, Sikh extremists have continued to kill moderate Sikhs, Hindu politicians, and even some prominent associates of Gandhi in the Congress (I) party. Although Rajiv's diplomatic efforts (and Zia's) have reduced tension between India and Pakistan, an upsurge in attacks by Sikh militants would worsen Indo-Pakistani relations because New Delhi suspects that Islamabad provides cross-border assistance to the militants. Alternatively, resolution of the three-year confrontation with the Sikhs would reduce the source of a major irritant in Indo-Pakistani relations, as well as deny the Soviets anti-US propaganda opportunities.

55. Gandhi's assassination, especially if by a Sikh, would be followed by a period of violence similar to that after the killing of his mother. His party, which still has strong majority control, would appoint a temporary successor; but the succession probably would be less smooth than the last because of the lack of an obvious candidate.

56. Gandhi has clearly demonstrated his willingness to turn more toward the West; and, even though he has said that his more evenhanded foreign policy will not come at the Soviets' expense, it already has to some degree. At least in the near term Gandhi's foreign policy reorientation probably would be continued by his successor. However, the opening to the United States is closely associated with Gandhi himself and might not be maintained over the longer term.

South Africa

57. The situation in South Africa will remain volatile and marked by cycles of violence. The socioeconomic conditions that feed black discontent will not be eased. The rapidly expanding black labor movement will become more political and in doing so risks being banned. Antigovernment protests may grow with whites increasingly becoming the targets of nonwhites. Unexpected events—such as the assassination of President Botha or a prominent black leader, the killing of a great number of blacks during a demonstration, or the death of Nelson Mandela in prison—could act as a catalyst for a much more pervasive era of violence, perhaps with more white casualties. Such events could seriously challenge the capabilities of the security forces and the white regime to maintain order. Under these circumstances, the regime would be forced to negotiate a more substantial political-power-sharing arrangement with the blacks or risk plunging the country into a drawn-out and bloody civil war.

58. Barring such unexpected events, however, the South African Government's security, political, and economic resources probably are sufficient to prevent the collapse of white rule in the next two years or so. Sensitive to white anxiety, Botha will forge ahead with his gradual reform agenda, probably with mixed results. Whites, especially the ruling Afrikaners, remain united in their determination to maintain their privileges and have a virtual monopoly on the instruments of coercion. The black opposition remains fragmented. The government has the ability to co-opt some black leaders. The black protest movement's main weakness will be its lack of unity because of tribal, urban-rural, ideological, and other differences. The African National Congress (ANC) will continue cross-border operations, which may increase regional tensions but are not likely to become strong enough to be a serious military threat to the government—despite the almost certain continuing Soviet and Cuban support of the ANC.

Category B(1)

Countries or regional situations of some, but lesser, geopolitical importance to the United States and in which during the next two years or so there is a better than even chance that there will be sudden change affecting key US interests.

Liberia

59. Liberia's probability for sudden change has been upgraded because of widespread perceptions that Head of State Samuel Doe rigged the elections in October 1985, unpopular retributions in the aftermath of the November 1985 coup attempt, and chronic economic stagnation, which have heightened political tensions and public dissatisfaction.⁵ The premature news that former Commanding General Quiwonkpa's coup attempt succeeded sparked jubilation in Monrovia, illustrating Doe's unpopularity. The death of Quiwonkpa and the reported arrests and killings of many of his fellow Gio tribesmen will increase ethnic tensions. Moreover, an opposition party was accused of conspiring in the coup, and its leaders have been detained without a formal charge. Such measures may evoke more discontent with Doe, and he will remain vulnerable to assassination attempts. The aborted coup probably also will lead to purges within the military.

60. These purges could be triggered by junior officers and enlisted men as well as by senior officers—especially if they feel they have to preempt a coup by lower ranking military groups. Senior officers are

⁵NIE 7-85 placed Liberia in a category of 30- to 50-percent chance of sudden change detrimental to US interests.

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somewhat committed and better equipped to maintain Liberia's moderate, pro-Western orientation. Widespread and sustained protests in Monrovia might also lead military officers to step in and attempt to forge a mixed civilian/military coalition. Such a regime, while initially popular, probably would quickly collapse into bitter feuding between rival factions.

61. Liberia's financial crisis, moreover, will deepen. Even if Monrovia implements announced cutbacks in the government payroll, Liberia still will be faced with a budget deficit of about \$150 million in FY 1985/86. The likely result will be Liberia's inability to service foreign debts and requests for more foreign, particularly US, aid.

62. *Implications for the United States.* The US-Liberian "special relationship" is likely to undergo periodic strains as Liberia moves from crisis to crisis. Monrovia probably will find opportunities to lash out at the United States with various complaints, including claims that Washington is interfering in Liberia's internal affairs, not providing enough economic aid, and not paying enough for US facilities. The Liberian Government may press harder for renegotiating long-standing bilateral agreements concerning priority access to The Free Port of Monrovia and Roberts International Airfield, communications relay facilities, and the OMEGA navigational tracking station. But we believe any regime probably would avoid provoking an irreconcilable split because of the absence of other financial backers.

Nigeria

63. As NIE 7-85 estimated, the Buhari regime was overthrown (on 27 August 1985). The new military regime faces severe economic problems and ethnic and regional tensions; it is fragile and may not last through the time frame of this Estimate. Negotiations with the IMF have been broken off and Western banks have cut back on financing Nigerian trade. Short-term cash problems may be relieved by higher oil revenues, but massive debt-service requirements eventually are likely to force Lagos to seek comprehensive debt rescheduling, even without an IMF agreement.

64. President Babangida's recent decision to cut pay for the armed forces, police, and civil service risks encouraging even more coup plotting among officers. Failure by the government to halt the decline in living standards or to moderate ethnic and regional hostilities could lead to yet another coup, possibly by middle- or junior-ranking officers who could be expected to espouse radical popularism, take a more nonaligned posture, and institute nationalistic economic policies.

65. *Implications for the United States.* At present, the Babangida regime views cooperation with the United States as essential for Nigeria's economy, and is seeking US and other Western nations' economic assistance. Access for the United States and its allies to Nigerian oil seems assured for the present, although sporadic domestic and ethnic violence temporarily might affect supplies. Although Lagos's deteriorating financial situation probably will reduce Nigeria's agricultural imports from the United States, in the short term the August 1985 coup will have little adverse consequences for US interests. In the longer term, however, another coup—which would accelerate Nigeria's degenerating spiral of political and economic instability—would provide more opportunities for outside meddling, especially by Libya and Iran.

Sudan

66. As NIE 7-85 estimated, the Nimeiri regime was overthrown (in early April 1985). The ruling Military Council—the senior military officers who instigated the coup and seized control of the government—has a very loose grip on power and has not successfully addressed any of Sudan's many problems. A variety of socioeconomic forces endanger the regime. The current military/civilian government inherited ethnic and religious tensions, severe economic problems, drought, and famine, as well as a worsening insurgency in the south. These myriad problems, intense political maneuvering, coup plotting by various levels of officers, and sizable Libyan efforts to destabilize Sudan warrant its placement once again in the category of a better than even chance of sudden change.

- Although its political influence has diminished somewhat, the National Alliance—a coalition of labor unions and political parties dominated by leftists—continues to harangue and demonstrate against the current government, demanding revocation of Islamic law, increased subsidies on food and staples, and the transfer of more power to civilians.
- The current "cease-fire" with the southern insurgents has collapsed, and government troops will continue to be bogged down in a civil war with no end in sight.
- Since Khartoum's rapprochement with Tripoli, the Libyans have become even more active in their efforts to gain predominant influence in Sudan at the same time that a purge and reorganization of the intelligence service leaves the government more vulnerable.

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- Economic conditions are dismal despite an increase in aid since the April coup. Khartoum remains at an impasse with the IMF over repayment of about \$200 million in arrears, jeopardizing prospects for expanded financial assistance from international donors.
- Discontent within the military is growing because of the Council's lack of effective leadership, slow promotions, low pay, and other grievances. Coup plotting is extensive, and we believe there is a strong possibility that still another coup, by junior and midlevel officers, perhaps with support by some officers on the Council itself, could succeed. Alternatively, conservative officers may view violence between Muslims and non-Muslims in Khartoum as proof that the regime cannot prevent a further breakdown in public order and may try to preempt a takeover by a Communist, Ba'hist, or pro-Libyan group.

67. **Implications for the United States.** The present interim government will continue to distance itself from the United States. Sudan has formally withdrawn from the US Bright Star military exercises; access rights for US forces have been revoked; and the repositioning of US equipment at Port Sudan may be ended as the Sudanese Government tries to obtain military hardware from the Soviets and Libyans. Moreover, strains in US-Sudanese relations have been aggravated by the trials concerning the evacuation of Falasha Jews to Israel. US interests in Sudan would be best served if the transition to civilian rule is successful, although the civilian government probably would continue a nonaligned image and would be less supportive of US regional positions such as that of the Camp David accords.

68. There is also a possibility that public order could simply collapse in Khartoum, leading to a violent split along religious or regional lines. Such anarchy in the capital would set military officers against enlisted men and would weaken the armed forces' stabilizing influence. Collapse of the central government would leave Americans in Khartoum very vulnerable to attack and could also lead to intervention by Libya, Ethiopia, or Egypt. US interests could be most severely affected in the event of a successful coup by radical officers: the resultant, more repressive regime might be dominated by Communist, Ba'hist, or pro-Libyan officers who would seek economic and military agreements with the Soviet Union and/or Libya, and over the longer term could greatly complicate the security problems of moderate Arab states such as Egypt.

Category B(2)

Countries or regional situations of some, but lesser, geopolitical importance to the United States and in which during the next two years or so there is an even or somewhat lesser chance (30- to 50-percent) that there will be sudden change affecting key US interests

Mozambique

69. The Mozambique National Resistance insurgent movement (RENAMO) now operates in much of the countryside and is showing the capability to raid, though not hold, the important urban centers. (See figure 5 on RENAMO incidents in 1985.) While RENAMO probably cannot defeat the government in the next two years, the government will find itself in control of only major urban and some rural areas. Moreover, the Mozambican economy has been devastated by the departure of skilled workers in 1975, a dramatic reduction of economic ties to South Africa, bankrupt Marxist policies, lingering effects of the drought, and the drawn-out fighting. Prospects for a coup against President Machel—either by officers seeking a rapprochement with RENAMO or by leftwing ideologues critical of the government's opening to the West in mid-1983—have grown. However, Machel in the past has proved to be an adroit political survivor, and he is capable of undertaking major policy changes in an effort to ease internal pressures.

70. The volatile situation in Mozambique could have both positive and negative implications for the United States. Positive possibilities, in terms of damage to Soviet external policy both in the region and in general, include:

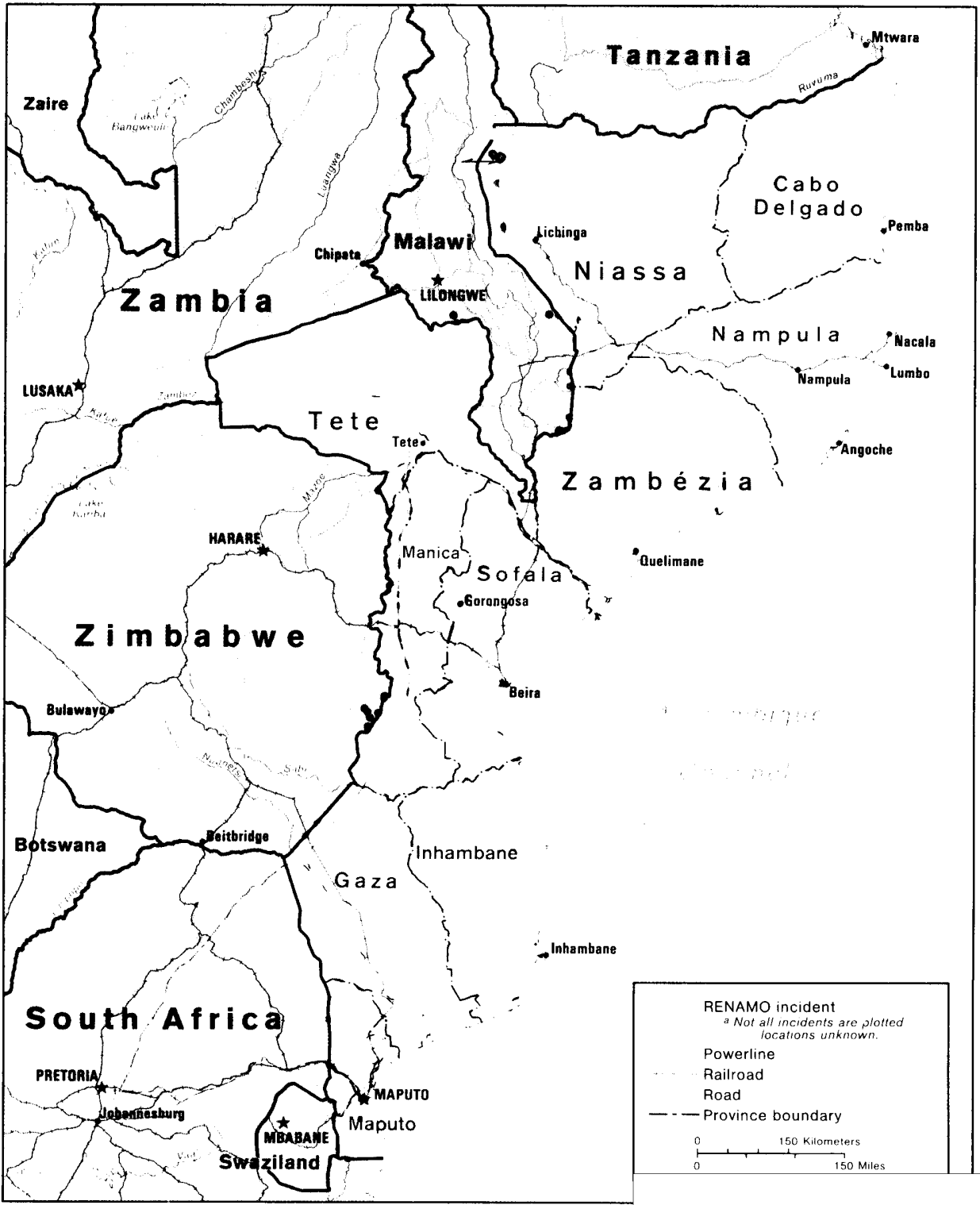
- An outright RENAMO victory, which, although unlikely, would be a blow to Soviet prestige in that a Soviet client would have been overthrown by a non-Marxist indigenous group. Any successor pro-Western regime, however, would be likely to be extremely fragile.⁶

⁶ The Director, Bureau of Intelligence and Research, Department of State, agrees that a RENAMO victory is unlikely, but disagrees that, in the event RENAMO prevailed, the blow to Soviet global prestige could damage Soviet policy in the region or necessarily have positive implications for the United States. The roles of RENAMO and Machel's FRELIMO would be reversed, except that RENAMO would have less capability to govern than FRELIMO and FRELIMO's capacity to wage an insurgency would at least match RENAMO's. It would produce continuing turmoil within Mozambique and greater cross-border violence, the opposite of US objectives in the region, and a new opening for Soviet meddling in neighboring states that would assist FRELIMO. The lesson drawn by other countries in the region would be that the United States was incapable of any effective assistance to a regime attempting to lessen its Soviet ties and that South Africa has no intention of honoring agreements with its neighbors.

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Figure 5
Mozambique: Reported RENAMO Incidents During 1985^a



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- A bold, serious effort by the government to accommodate the insurgents, which probably would reduce the influence of Soviet hardliners and result in further moves away from Soviet political and economic models.
- Even the continuation of the present situation—which could lead to an erosion of the USSR's influence and credibility as an effective military and economic patron.

Negative developments would be a coup backed by Moscow, an increase in Soviet advisers and military aid, or the commitment of Cuban combat troops to stem the deteriorating security situation.

Tunisia

71. The forces for instability in Tunisia as described in NIE 7-85 are still at work. President Habib Bourguiba shows no inclination to address growing political, economic, and social grievances. The succession problem—Bourguiba is now in his eighties and in poor health—also clouds the country's future. The lack of political and social reforms could erode the authority of the military, which is a potential force for stability. Opposition to the United States among increasingly radical, young Tunisians is growing and could lead to increased Libyan and Soviet influence. Libya, as it has done elsewhere in the region, will continue to try to expand its influence by pressuring Tunisia for various forms of cooperation, while supporting unrest, terrorism, and subversion. Libya may even try a military incursion or an air raid along the border.

72. When Bourguiba dies, the likelihood of serious instability and chances for an abrupt change in regime will increase, because Islamic fundamentalists and secular radicals will have an opportunity to extend their influence and perhaps even take over the government.

Category B(3)

Countries or regional situations of *some, but lesser, geopolitical importance* to the United States and in which during the next two years or so there is only a *10- to 30-percent chance of sudden change*, but where the interplay of particular political, economic, and social forces could affect US interests

Angola

73. No end is in sight for the 10-year Angolan civil war. Neither side is likely to inflict a decisive defeat on the other in the next two years or so: neither Jonas Savimbi's National Union for the Total Liberation of

Angola (UNITA) nor—despite last year's fierce government offensive—President dos Santos's Popular Movement for the Liberation of Angola (MPLA). Savimbi's death or incapacitation would be a blow to the insurgent cause: for, although UNITA has an experienced cadre, we believe the insurgents could lose much of the momentum they have generated over the past two years. (See figure 6 on UNITA's area of operations.)

74. The dos Santos regime—the sixth-largest recipient of Soviet arms in the world—will continue to be heavily dependent on the Soviet Union and Cuba for its survival as long as the insurgency continues. At present there are some 1,000 Soviet and 500 or more East European advisers in Angola, as well as about 36,000 Cuban military personnel and 6,000 Cuban civilian advisers and technicians. Moreover, with the cloudier outlook of the US-sponsored peace talks between Angola and South Africa, the MPLA has moved even closer to its Soviet and Cuban backers; and Soviet advisers probably have become more directly involved in operations of the government forces. This expanded Soviet military advisory role in the planning and direction of operations, as well as more effective use of tactical air support, is posing a greater threat to UNITA than ever before. While there is some dissatisfaction in both the military and civilian leaderships with Angola's close ties to its Communist allies, it is very unlikely that the MPLA will turn its back on Moscow or Havana and move closer to the United States.

75. Luanda, meanwhile, now appears committed to seeking a military rather than a negotiated settlement of the civil war. The Angolan economy, with the exception of the petroleum industry, has not regained preindependence performance levels. The government will continue to have to devote the country's hard currency earnings to cover the cost of the war, with little or nothing left for domestic investment. If economic problems grow substantially, undermining popular support even more, and if the MPLA is unable to maintain the military initiative, there may be a search for scapegoats that could lead to changes within the MPLA leadership, perhaps even the removal of dos Santos despite his current strong political standing.

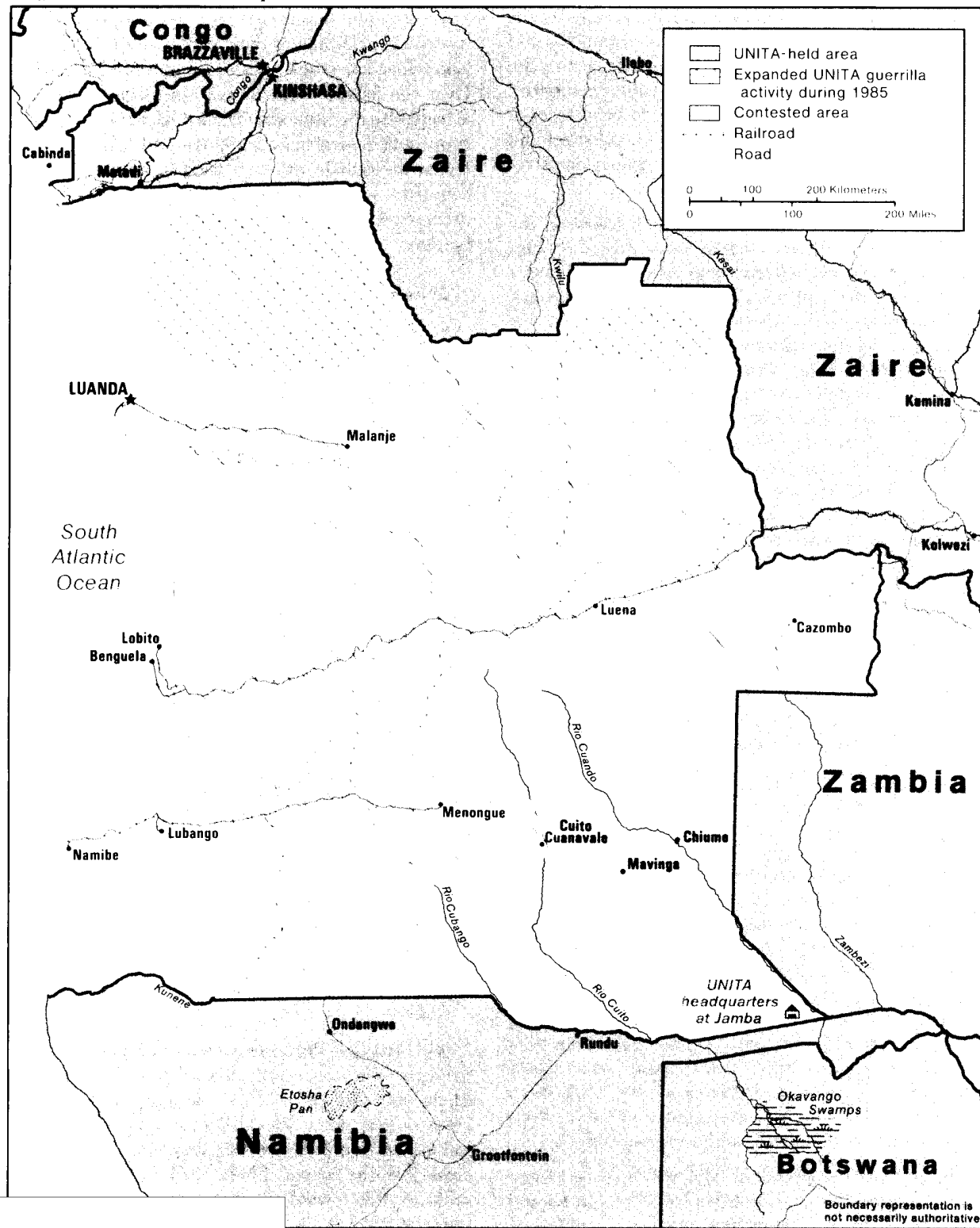
Ethiopia

76. Although public discontent is growing in Addis Ababa, Chairman Mengistu probably will be able to retain power through the next two years or so because he will successfully manipulate or repress those military and urban groups that are key to his control.

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Figure 6
Angola: UNITA Area of Operation



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Chances are remote that he will reverse his present policies, turn more toward the West, or adopt large-scale economic reforms to revitalize the private sector. Rather, we believe Ethiopia's economic problems and the continuing insurgency will deepen Mengistu's dependence on Soviet political and military support. Relations with the West will continue to be of secondary importance to him because of his ideological and security concerns, as well as his deep suspicions regarding US intentions in the region.

77. Aware that his political power is based on the support of the military and to some extent on city dwellers, Mengistu will continue to shield these elements from the full effects of the current famine, while relying on international donors to help the starving rural populations in the government-controlled northern areas. Meanwhile, he will continue to try to move nearly 1 million people from insurgent-plagued areas to southern and southwestern Ethiopia where he will hasten rural collectivization. (See figure 7, on Ethiopia's domestic situation.) The food shortage, however, may force Mengistu to adopt more stringent austerity measures in the cities. He will contain the inevitable dissatisfactions through his tough, Soviet- and East German-supported security apparatus.

78. If our most likely scenario proves wrong and prolonged civil disorder, combined with major military defeats in the north, should bring about a successful military coup, the successor regime probably would be pro-Soviet, although Moscow's domestic influence might be reduced. Over time, as Mengistu's successors struggled with the same intractable economic and security problems, there might be a slim opportunity for the United States to improve relations.

Kenya

79. Kenya's near-term outlook has become somewhat brighter since NIE 7-85 was published last February, although we do not feel a change in category is warranted. The drought has ended, and record harvests of corn, wheat, and tea are forecast. Nairobi University has reopened without violence and the potentially divisive elections in June and July within Kenya's single political party (KANU) have been concluded peacefully. The United States successfully negotiated a five-year extension of the US-Kenyan military facilities access agreement without Kenyan demands for more military and economic aid.

80. We believe President Moi will stay in power until the next election, scheduled for 1988, but he will face increased socioeconomic pressures, continued ethnic tensions, and further coup plotting. Dissatisfaction in the military—especially among junior and

midlevel officers—is likely to continue because of low pay and inadequate housing. Moi will have to pay more attention to balancing the interests of his minority tribal coalition and those of the larger Kikuyu and Luo tribes lest ethnic rivalries undermine his regime. Over the longer term, Kenya also may be adversely affected by the instability in East Africa in light of the coups and insurgencies in Sudan and Uganda. Moi is trying to mediate the civil wars in both neighboring countries, with little to show for his efforts, and risks dragging Kenya deeper into the political turmoil on its borders.

Zaire

81. President Mobutu Sese Seko, one of the United States' closest allies in Africa, is currently in a stronger political position than at any time since he assumed power in 1965. Nevertheless, his leadership skills will be sharply tested over the next two years as he struggles to cope with formidable economic problems, rising frustration with IMF-support austerity, and increased Libyan subversion—because of Mobutu's ties to Israel and the United States and support for the government in Chad as well as his public denunciation of Qadhafi as "the world's greatest terrorist." Libya provides support to Zairian dissidents and probably is partly behind the recent increase in activity in eastern Zaire by rebels based in Tanzania. The Angolan Government may attempt to generate new dissidence in Shaba Province if Mobutu begins to funnel significant aid to UNITA.

82. However, the rebels are not an immediate threat to the regime; the greatest threat to Mobutu is a Libyan-backed assassination attempt, which would provide new opportunities for Soviet and Libyan inroads. Also, Mobutu has failed to groom a successor, and his death probably would spark a period of intense political infighting during which more radical leaders (including junior officers and enlisted men) could emerge and look to Moscow or Tripoli for support.

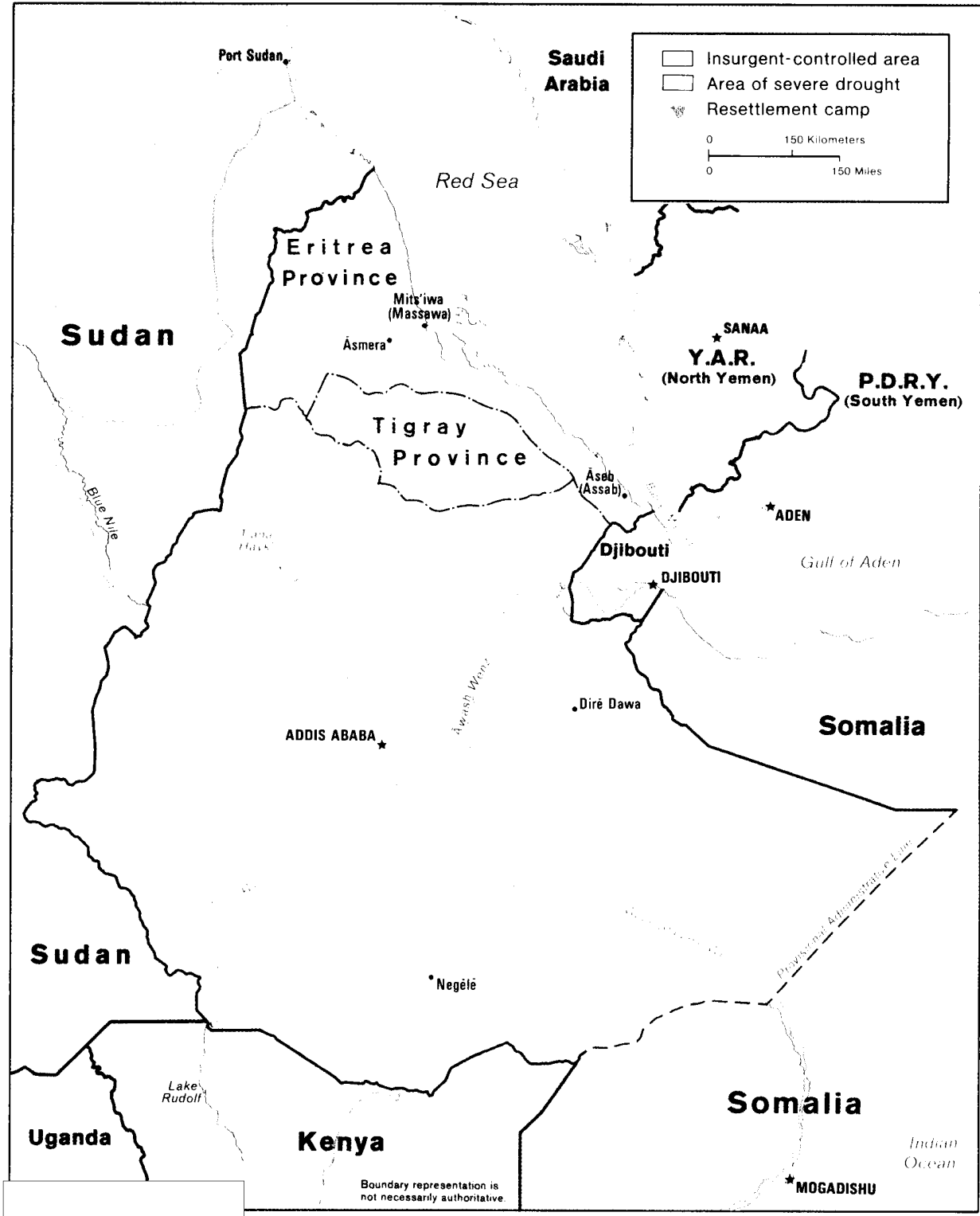
Chile

83. President Pinochet is likely to remain in power through 1989, the constitutional date for a presidential plebiscite, and he will seek to perpetuate his rule beyond that date. The military wants to restore a stable non-Communist political system, and there are signs that the armed forces leadership wants to be more flexible toward the democratic opposition. Only the military has the requisite force to remove Pinochet, but it is likely to do that only if it believes he is becoming an obstacle to a stable transition process.

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Figure 7
Ethiopia: Areas of Insurgency, Drought, and Resettlement



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The unity of the democratic opposition will have a major influence on military attitudes. Recent opposition efforts to present a united front have gained popular support; and, if present trends continue, the military may press Pinochet to agree to a dialogue with the moderate opposition. The best chance for a relatively stable democratic transition to occur by 1989 would be through modification of the 1980 Constitution to permit free and open elections. There is a better than even chance that this will occur. But whether Pinochet has this degree of flexibility probably will become more clear after 1987.

84. Unless Pinochet's popularity improves dramatically, his prospects for continuation in power would be best served by open elections with several candidates. A transition that followed the current constitutional timetable, with a plebiscite offering Pinochet as the only presidential candidate, would probably lead to a deterioration in political stability. The radical left is likely to step up its violence to prevent a successful transition, but there is little likelihood that it can seriously threaten to overthrow the government. However, Cuba and the Soviet Union appear to be increasing efforts to harass the regime, perhaps hoping that greater violence in Chile will help draw US attention away from Central America. Libya also is offering assistance to several far-left groups and may be beginning to train terrorist elements. Should Pinochet remain inflexible on altering the transition process, the radical left would be strengthened.⁷

Colombia

85. Escalating guerrilla violence has ended any prospects for a negotiated settlement in the near future. Moreover, the current budget squeeze will hurt President Betancur's social and economic measures aimed at stemming the insurgents' appeal and will damage the counterinsurgency capabilities of the armed forces. Over the last several years, Cuba has provided significant assistance to the M-19 insurgents (the most active group), while urging all insurgent groups to unify. Libya appears to be playing an increasingly more active role in supporting the M-19, particularly with arms and training. As the guerrilla war again heats up, attacks against US personnel will

⁷ *The Deputy Director for Intelligence, Central Intelligence Agency, believes the forces at work in Chile place it in Category B(2). He judges that increasing polarization resulting from President Pinochet's intransigence, the moderates' determination to force a political negotiation, and the capacity of the Communists to elevate the level of violence yield a 30- to 50-percent chance for significant change in the political equation.*

increase. The M-19 guerrillas are planning more terrorist operations, particularly against the military, police, and intelligence units in major cities.

86. The Colombian Government has made some impressive strides against drug trafficking in the past year but cultivation of marijuana and coca probably will increase. Colombian and US officials also are targeted for attack by narcotraffickers. Bogota is likely to request additional US assistance for narcotics enforcement, campaign for a political solution to the Latin American debt situation, and at least explore expanded commercial relations with Communist states. There is the possibility that, as the economic and social costs of the government's austerity program become more clear, Betancur or his successor (following the March 1986 election) will turn to more populist and economically questionable measures such as new subsidies, eased credit, and increased government spending.

Peru

87. As NIE 7-85 estimated, the relatively moderate Popular Action Party of President Belaunde was defeated in the presidential elections on 14 April 1985 and replaced by the American Popular Revolutionary Alliance (APRA). President Alan Garcia, a magnetic and popular leader, is off to a fast start. He is using a variety of economic controls that have reduced inflation and pumped up reserves. He also has taken a tough line with foreign creditors, has rescinded the contracts of three US oil concessionaires, is committed to bypassing the IMF, and supports stiff antinarcotics measures and a crackdown on official corruption. Garcia's antinarcotics stance has led to death threats against him and his family.

88. However, Garcia's economic changes do not constitute a coherent reform package, and his measures will work at cross-purposes. Over time, the Communist-dominated labor and radical leftist groups will challenge him, and the four-year-old insurgency shows no signs of ending despite Garcia's promise to start a dialogue with the guerrillas. Last year's attack against the US Consulate in Lima and two US corporations may be the beginning of a new wave of terrorism by the Tupac Amaru Revolutionary Movement, with US personnel and facilities as the most likely targets.

89. Though Garcia will be a more difficult negotiating partner for the United States and the international community, and his foreign policy will be less pro-US than that of the previous administration, he will almost certainly not align Peru with the Soviet Bloc. Garcia will continue to support the Contadora effort and seek more Soviet military and economic assistance, as well

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as upgrade relations with Cuba to the ambassadorial level. The Soviet Union, which is reportedly encouraged by Garcia's initial actions, may try to exploit Garcia's desire to galvanize Latin American debtors against the IMF and US financial policies.

Jamaica

90. Popular frustration is rising in Jamaica over the country's persistent economic problems—about 30-percent unemployment and 40-percent inflation—and Prime Minister Seaga's austerity measures. The strike in late June 1985 was the most serious labor action in over 40 years. Kingston did not achieve its September 1985 targets under its \$118 million IMF program. Insistence by donors and creditors on a valid IMF program as a prerequisite for more funds leaves Seaga few options but to begin negotiations on a new or revised program. Even if Seaga secures another IMF accord, low world demand for bauxite/alumina will severely limit any economic recovery. Jamaica's severe economic problems have boosted public support for the opposition People's National Party headed by Michael Manley. If early elections were held, Manley probably would win and reinstate the socialist policies he espoused when he was Prime Minister in the 1970s, as well as reestablish and deepen relations with Cuba.

91. Seaga is closely identified with the United States in the Caribbean and is a strong supporter of US policies in the region. Other moderates in the region probably are watching events in Jamaica as a measure of US effectiveness and commitment to stability and economic progress in the Caribbean.

Category C

Countries not of pronounced geopolitical significance at the moment but where there is at least a 30-percent chance that radical forces, backed by such hostile states as Cuba, the Soviet Union, or Libya, could significantly increase their influence, requiring high-level attention by US or other Western leaders

The Caribbean Basin (minor islands, Dominican Republic, Haiti, Dominica, Guyana, and Suriname)

92. Severe economic problems and the associated political trauma will continue to strain the predominantly conservative governments of the Caribbean. (Figure 8 is a map of the Caribbean Basin.) Six weeks of widespread protest in Haiti, for instance, underscores the increasing dissatisfaction with President Duvalier's rule and a deteriorating economy. Most

Caribbean governments have been able to limit most labor discontent so far, but the entire region's dim economic outlook suggests that labor strikes could become more frequent and opposition leftist parties' electoral chances brighter. Most leftists are moderating their rhetoric and cooperating more with nonleftist parties and front groups in order to broaden their appeal. At the same time, several leftist groups are improving their paramilitary capabilities.

93. Economic and political strains will provide the USSR, Cuba, and Libya, which already provide training, money, and political guidance to a variety of leftist parties, greater opportunity for expanding their respective influence. Libya is seeking in particular to expand its influence by ties to the military regime in Suriname and to proindependence radicals in the French Caribbean departments. Security forces have been able to control sporadic violence so far in, for instance, Suriname, the Dominican Republic, Martinique, and the Netherlands Antilles; but more widespread disturbances could overwhelm even the larger countries' police and military capabilities and lead to requests for the United States to take action similar to that in Grenada.

Malta

94. While at present former Prime Minister Mintoff apparently continues to dominate policy from behind the scenes, succession struggles triggered by his resignation in December 1984 have begun to divide the ruling Labor Party. Meanwhile, efforts by the USSR and Libya to increase their influence persist, although both countries continue to find Malta a particularly nettlesome target and are unable to meet Valletta's frequently outrageous demands for financial assistance. The Soviets covet military access to Maltese facilities for transit and logistic support and because such access would give them the military redundancy they desire in the Mediterranean. Libya seeks Malta as yet another platform to spread subversion. The next parliamentary elections are supposed to be held by May 1987, but there is some question whether the Labor government will permit them to take place if—as polls now indicate—it cannot win over the Nationalists. The Nationalist Party has a more pro-Western outlook, and its victory would improve the prospect for retaining Western influence in Malta, although bilateral negotiations would remain difficult. The most adverse development from the US perspective, although unlikely, would be a decision by the Labor government to postpone the elections, which could prompt serious domestic violence and subsequent government repression, perhaps eventually leaving Malta more vulnerable to Libyan and Soviet exploitation.

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Figure 8
The Caribbean Basin



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Chad

95. Although President Habre has improved his political position over the last year, extreme poverty, compounded by ethnic tensions in the government and military, as well as military equipment and training insufficiencies, make his regime vulnerable to Qadhafi's efforts to install a pro-Libyan government in N'Djamena. Tripoli will continue progressively to strengthen its military position in northern Chad, while arming, training, and resupplying northern Chadian dissidents. Financial and material assistance to disparate southern rebel groups will continue to be funneled through Sudan, Congo, and the Central African Republic. Qadhafi also is seeking a political dialogue with Habre as a complement to his military strategy in order to appear "moderate" internationally while weakening French resolve and reducing Western influence. While small-scale rebel forays will keep

tension high in the north, the security situation in the south is likely to remain poor, despite some success by Habre's forces. Moreover, ethnic tensions and discontent about overdue pay may lead many southern soldiers to return to the rebels, thereby hurting both Habre's reconciliation efforts, the military's counterinsurgency capabilities, and its ability to resist further Libyan aggression.

Niger

96. A deteriorating economy and mismanagement of drought relief has undermined public support for moderate President Senyi Kountche and has intensified ethnic tensions and rivalries in the military. Niger's economy is heavily dependent on uranium mining, which is suffering a prolonged slump. Moreover, despite relief efforts, serious food shortages are occurring in the north, leading to perceptions that

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Kountche's southern-based regime is not being fair in distributing aid. The food crisis highlights a general deterioration in the government's effectiveness due to corruption, poor advice, and Kountche's isolation. He has yet to find a workable power-sharing arrangement between the military and civilian leaders or to designate a successor.

97. Libya, meanwhile, is trying to capitalize on Niger's problems by increasing its subversive activities among the predominantly Muslim population. Kountche has normalized relations with Tripoli in an effort to placate Libya, which lays claim to a small portion of northern Niger.

98. Additional economic austerity measures could trigger serious urban unrest, and Kountche probably is more vulnerable to a coup than at any other time during his rule. A successor government if headed by senior Army officers probably still would be moderate and pro-Western. However, a government led by junior officers would be more radical—offering Libya the opportunity to increase its influence and use Niger as a base for subversion against still other regional targets such as Nigeria.

Senegal

99. The popularity of President Diouf's moderate, pro-Western government is at an alltime low. The President has failed to win the support of his ruling Socialist Party for an economic austerity program recommended by the IMF. Government officials and powerful interest groups are slowing Diouf's attempts at economic reforms. Discontent over poor university facilities in Dakar and austerity policies led to the worst campus violence in 20 years in the spring of 1985. Moreover, a sluggish market for Senegal's principal exports adds to the economic problems. Muslim criticism of Diouf has increased; and, although Diouf has moved forcefully to limit extremist fundamentalist activity, he will find it more and more difficult to maintain the loyalty of the traditional Muslim brotherhood leaders as economic problems deepen.

100. Over the next two years, we probably will witness more signs of sporadic anti-Western and urban unrest. The Islamic revival sweeping much of West Africa, including Senegal, also will provide more opportunities for Iran and Libya to expand their subversive activities—especially through their connections in The Gambia. At the same time, Diouf will continue to seek large amounts of Western assistance to keep his country afloat.

Evaluation of Judgments of NIE 7-85

101. NIE 7-85, published a year ago, correctly estimated the coups in both *Sudan* and *Nigeria*. However, in both cases we believe there is still a better than even chance the interim governments will be overthrown. *Our previous Estimate was also correct in estimating:*

- The continuing downhill slide of events in the *Philippines*.
- The strides President Duarte would make in winning popular support in *El Salvador*, as illustrated in the Christian Democrats' landslide victory in the legislative and municipal elections last March.
- The victory of Alan Garcia in the Peruvian elections this past April and the fact that *Peru* would become a more difficult negotiating partner for the United States and the international community.
- That President Barletta would resign under pressure from defense chief Noriega in *Panama*.

102. The Estimate was *somewhat pessimistic in its description* of likely events in *Greece*. Prime Minister Papandreou was reelected in a decisive victory but without having to rely on the support of the Communist Party. However, as the Estimate noted, Papandreou's policy toward the United States has proved to be tamer than his rhetoric. President Zia's political position in *Pakistan* has turned out to be somewhat stronger than depicted; however, pressures persist on the President to greatly restrict or stop support to the Afghan resistance. We now think the probability for sudden change in the *Cyprus conflict* is only 10- to 30-percent. It was previously placed in a category of 30- to 50-percent chance of sudden change. While open military conflict is not likely, neither is a negotiated settlement.

103. NIE 7-85 was slightly overoptimistic about events in *Liberia*. Head of State Doe's grip on power is weaker than depicted, as illustrated by the recent attempted coup by former Commanding General Quiwonkpa.

104. *Other major changes are as follows:*

- The current Estimate adds 10 countries, as well as two new regional topics—"The Nicaraguan Insurgency" and "The Caribbean Basin." Several of the new countries—Libya, Mozambique, Angola, and Ethiopia—are included because of changes to our methodology, such as explicitly considering prospects for change favorable to the

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United States; the others now are covered because of important new developments or our greater general concern.

- Primarily because of the Israeli withdrawal, we believe the chance for sudden change in *Lebanon* adverse to US interest to be somewhat less. However, the continuing conflict between Israeli and Syrian interests in Lebanon, aggravated by continued resistance by various Lebanese armed factions to Israel's continued presence in southern Lebanon provides a significant opportunity for a crisis detrimental to US interests.
- The minority, alternative view held by the directors of the Defense Intelligence Agency and of the military service intelligence organizations in our previous Estimate concerning *Argentina* (only a 10- to 30-percent chance of sudden change) has now become the present Estimate's

position. Previously the majority of the Intelligence Community placed Argentina in a category of 30- to 50-percent chance of change. President Alfonsin enjoys rather broad political support and the opposition Peronist party is divided and on the defensive.

- The current Estimate drops 11 countries previously included in NIE 7-85: Israel, Costa Rica, Bolivia, Yugoslavia, Morocco, Guyana, Seychelles, Suriname, Dominica, Sri Lanka, and Hong Kong (colony). These countries were eliminated because of the changes in our methodology (as described in the Scope Note); or because we judged that the chances of sudden change affecting US interests in these countries was so low as to warrant their exclusion. Moreover, discussions of Guyana, Dominica, and Suriname were subsumed under "The Caribbean Basin."

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