

July 16, 1990

National Intelligence Daily for Monday, 16 July 1990

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Summary:

The CIA's National Intelligence Daily for Monday, 16 July 1990 describes the latest developments in USSR, Poland, Iraq, East Germany and Afghanistan.

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Director of Central Intelligence

NATIONAL INTELLIGENCE DAILY

Monday, 16 July 1990

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CPAS NID 90-1641X

16 July 1990

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Special Analyses

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The New Politburo

Unlike its predecessor, the new Politburo is made up primarily of people without national power bases, who do not have the means to challenge Gorbachev. Its members represent institutions and constituencies with broadly divergent interests and views. Debates are likely to be intense, but Gorbachev probably will be able to secure support from a majority on critical issues.

- The Politburo includes at least five reformers and eight centrists Gorbachev can usually count on.
- Eight of the remaining members, while generally considered moderates, may lean toward traditional positions on some issues; two clearly are hardliners.
- It includes 16 non-Russians, 14 of whom are non-Russian republic party bosses.

Some specific functions have been assigned:

- For the first time, the Politburo includes a woman with full voting privileges—the reform-oriented journalist Galina Semenova—who will handle women's issues.
- Two moderates with ties to Gorbachev—foreign policy expert Dzasokhov and trade union head Yanayev—were assigned the ideology and international issues portfolios.
- A reformist, Yegor Stroyev, was put in charge of agricultural issues.
- Oleg Shenin, a moderate regional party boss, will oversee organizational and possibly personnel matters.

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USSR:

Party Leadership Changes Signal Shift in Power

The large turnout for a prodemocracy rally, four days after a successful political strike by Soviet miners, indicates that societal developments are outpacing the Communist Party's attempts to adjust to the changes throughout the country.

The new 24-member Politburo, comprised in part of the 15 republic party chiefs and lesser known moderate reformers, will bring almost entirely new faces to Moscow for monthly meetings. Politburo member Frolov told the media on Saturday that the government's top leaders are excluded to increase their independence from the party leadership. Five ministers who are no longer on the Politburo—Premier Ryzhkov, Foreign Minister Shevardnadze, Defense Minister Yazov, KGB chief Kryuchkov, and Gosplan chief Maslyukov—remain with Gorbachev on the Presidential Council. The new 11-member Secretariat sustained less turnover with five secretaries keeping their posts; four are on the Politburo as well.

The party's "program statement," published in *Pravda* yesterday, describes a market economy as "the alternative" to the bankrupt administrative-command system, renounces the party's monopoly of power, and asserts its willingness to create political blocs with all "progressive" groups in the country.

TASS reported that some 50,000 people marched toward Red Square yesterday calling for an end to party rule. The demonstration reportedly was called by the party's democratic reform group, the Democratic Platform, and was widely publicized beforehand by Soviet media.

Comment: The similarity of the final Politburo to the draft slate of candidates leaked to the press late Friday suggests Gorbachev got the composition he wanted. The unwieldy size of the new Politburo and the exit of key government ministers should accelerate the transfer of power of day-to-day decisionmaking to state institutions. The weakened Politburo probably will be confined to dealing with internal party matters and could quickly slide into irrelevancy in the national political arena. Largely freed from Politburo constraints and with the Secretariat in reliable hands, Gorbachev is in a better position than before to attempt to build a national consensus on controversial but necessary policies to alleviate the country's economic and nationalities crises. The demonstrations in Moscow indicate that independent political forces are likely to test his willingness to distance himself from the party and to move toward a genuine coalition.

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Anglo-French Backing for the Poles

London and Paris are sympathetic to Warsaw's border concerns and are likely to back its demands to maintain Four-Power rights in Germany until the German-Polish border treaty comes into force. Although the British Foreign Office wants to ease strains in Anglo-German relations and does not want the border issue to hold up the two-plus-four talks, Thatcher was the first Western leader to support the idea of Polish participation on the sidelines of the talks.

The French also want to maintain good relations with Bonn and probably would look with favor on the Anglo-US proposal to relinquish Four-Power rights—except for those over Germany's borders—at the time of unification. London and Paris probably think Bonn can be persuaded to back down on its desire for an early end to all Four-Power rights so as not to alienate Western opinion, which in the past has sided with the Poles.

Besides the risk of appearing to "sell out" Polish interests, British and French leaders would worry that a Western refusal to support Poland might push Warsaw into the arms of the Soviets. London and Paris also are increasingly interested in forging stronger ties to each other and may work together—and possibly with Moscow—on behalf of the Poles, even if the US does not.

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~~Top Secret~~**POLAND-WEST
GERMANY:****Set To Tangle at Two Plus Four**

Warsaw and Bonn are likely to square off at the talks, which open tomorrow, reflecting the impatience public opinion is showing in both countries.

Foreign Minister Skubiszewski has sent a letter outlining Warsaw's agenda to all participants in the talks. Although Poland has dropped its demand that a treaty confirming the postwar German-Polish border be initialed by both Germanys before unification, it will push for an agreement on a treaty text so that its ratification by a united Germany can be accomplished without delay. The Polish delegation also will seek explicit assurances that no provisions of the German Basic Law will contravene the treaty and that the abrogation of Four Power rights in Germany will not occur until the border treaty comes into force.

Prominent West German party figures are adopting an assertive tone toward Poland, and West German media have begun to reflect the impatience many Germans have toward what they see as Polish intransigence on the border issue. The Mazowiecki government will be looking for clear evidence of success to offset growing economic problems and the political challenge Lech Walesa's presidential bid presents.

Comment: Warsaw expects tough German resistance and will probably try to isolate Bonn on key issues. The Poles believe they can count on support from Paris, London, and Moscow, but they are much less certain about the US.

Warsaw has already expressed disappointment with perceived US willingness to support the Germans unreservedly.

Bonn probably believes nothing will completely allay Polish fears of a united Germany but may move beyond insisting that current treaties recognizing the Oder-Neisse border continue to bind a united Germany. Bonn may agree to have the two-plus-four talks take formal note of the main points to be included in a treaty to be signed after unification. Bonn will resist any move to delay termination of Four Power rights until ratification of a border treaty and will try to limit any further change in the constitution. Bonn would accept such delay resentfully.

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USSR:

Reactions to the Houston Summit

The Soviets welcome the Group of Seven's verbal support for perestroika but are critical of statements tying political conditions to aid.

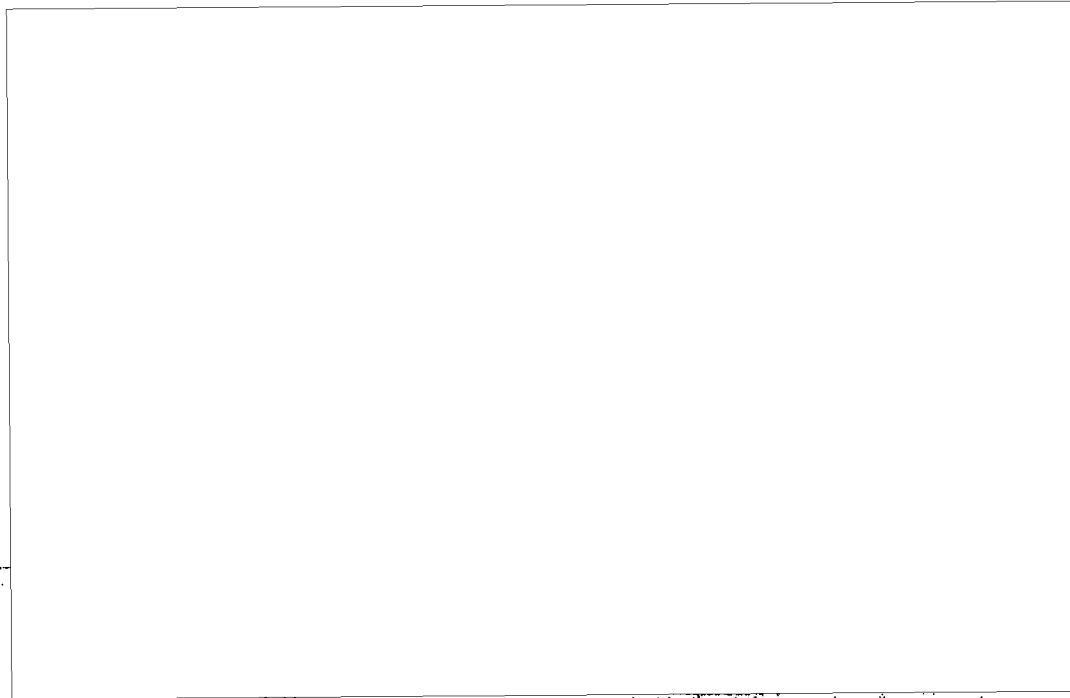
At the close of the party congress, President Gorbachev said the Soviets are prepared to cooperate and will be thankful for assistance but that "attempts to advance any political conditions are out of the question." Shevardnadze described the summit as a step forward while recommending that "our partners" not link aid to Soviet cooperation with Cuba. A *Pravda* correspondent noted that the proposed study of the Soviet economy allowed Washington to postpone a decision until later in the year. Foreign Ministry spokesman Gerasimov was pleased with the summit efforts to advance economic cooperation between East and West but regretted references to the Northern Territories issue, arguing that it is a problem to be worked out bilaterally with Japan.

Comment: Although the leadership will continue openly to criticize political conditionality, it will be able to point to some steps that address Western concerns. Well before the summit, changing foreign policy goals and domestic economic problems prompted the Soviet leadership to cut economic assistance to Third World clients. Aid to Vietnam fell by almost a third between 1987 and 1989 and is likely to drop again this year. Aid to Cuba has declined marginally in recent years, and Moscow says it is making plans to put its economic relationship on a more commercially sound footing. Military aid to Third World clients probably will be reduced in the next round of agreements beginning in 1991.

Presummit statements by Western leaders had prepared the Soviets not to expect financial support as a result of this meeting, and they are pleased that the door has been left open for a multilateral assistance package later and for individual Western countries to pursue their own policies in the meantime. Economic reformers will be happy with the proposed study—under IMF auspices—and with offers of technical assistance as a means of stepping up the pace of reforms.

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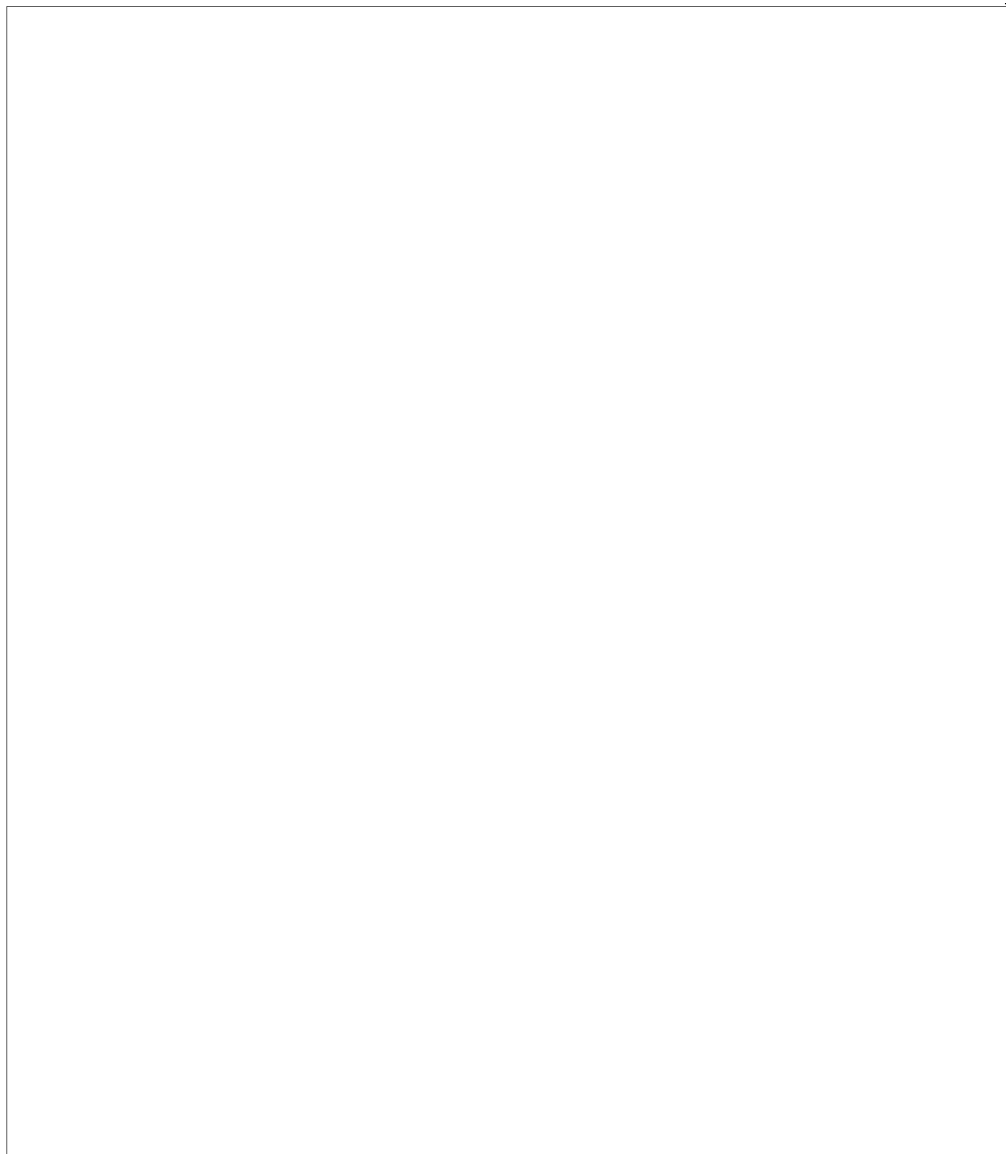
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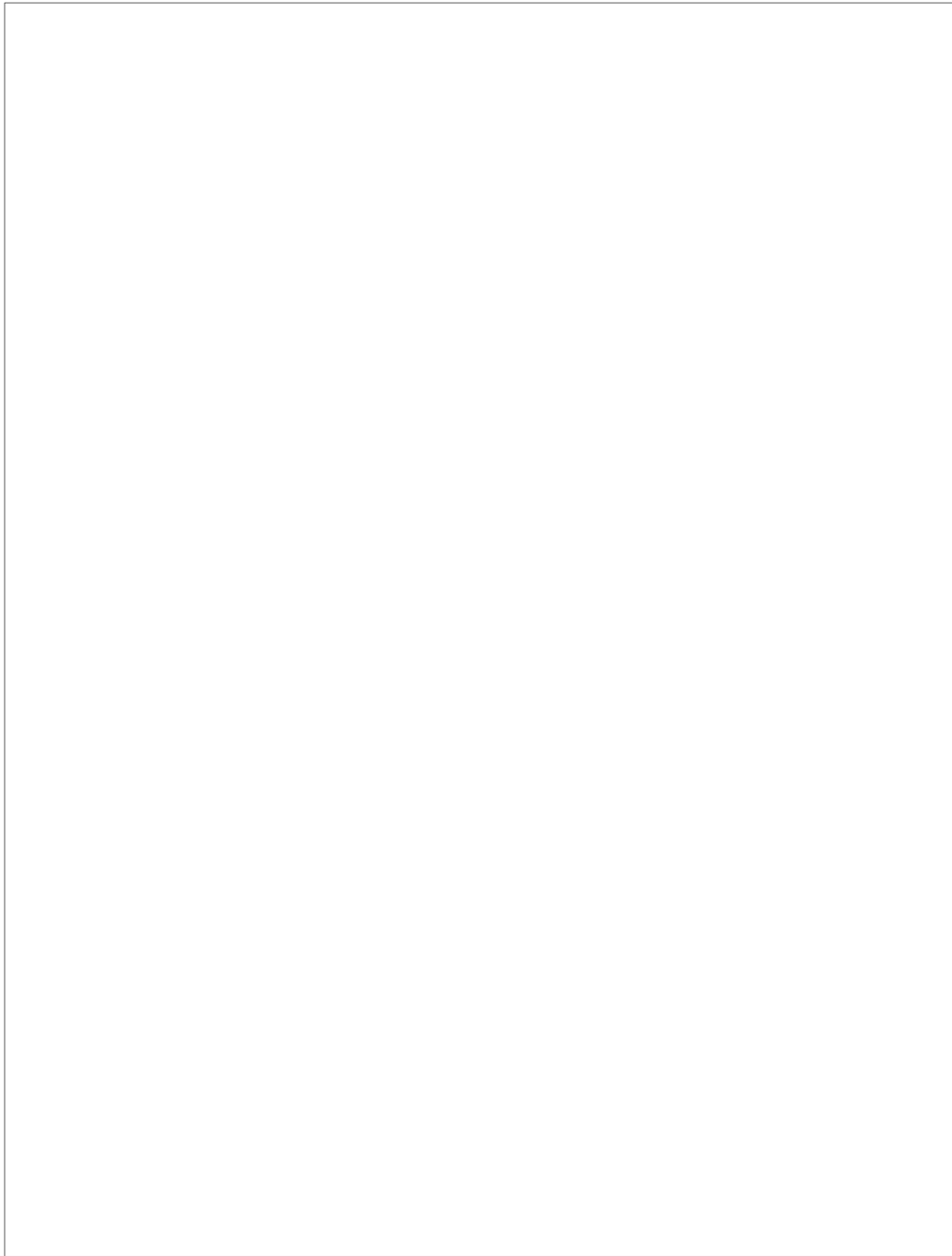


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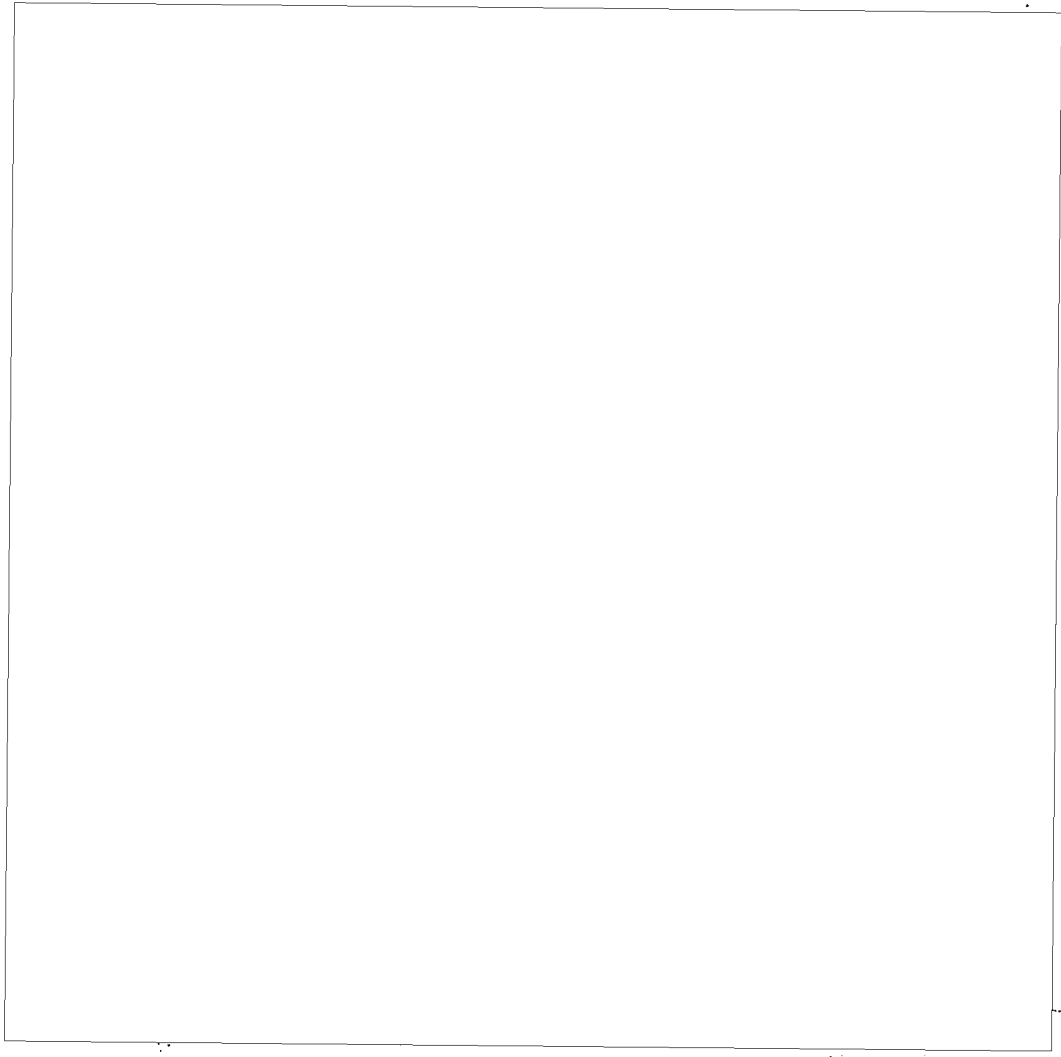


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~~Top Secret~~**IRAQ: Plans for Token Reforms**

Baghdad is moving quickly to ratify the draft of a new constitution it hopes will ease perceived domestic and foreign pressures to reform. President Saddam Husayn has called a special session of the National Assembly for today to consider the proposed constitution. It allegedly provides for greater freedom of the press, judicial independence, presidential elections, universal suffrage, a multiparty system, and a two-house legislature. The text was approved by Saddam and the Revolutionary Command Council early this month.

Comment: Although Baghdad is likely to keep its pledge to publish the constitution before yearend, the reforms are not likely to alter significantly the way Iraq is governed. Saddam probably will implement reforms incrementally and take other measures, including restrictions on new political parties, to ensure his hold on power. Baghdad nonetheless hopes even superficial reforms will improve its human rights image in the West and relieve the domestic discontent over years of repressive rule and wartime austerity. Saddam is unlikely to institute broader reforms for fear of being perceived as weak and of encouraging political unrest among Iraq's disparate ethnic groups—he will not hesitate to use force to crush popular unrest or demonstrations.

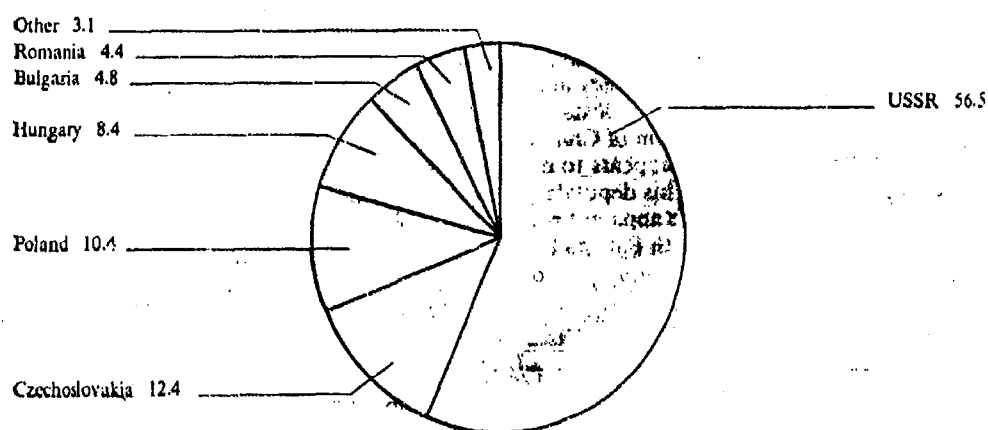
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**East Germany: Trade With CEMA Partners as Percent of
Total East Germany-CEMA Trade, 1989**

Percent



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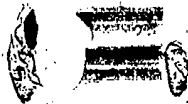
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~~Top Secret~~**EAST GERMANY: Trade With Eastern Europe Drops**

East Germany's economic unification with West Germany and abandonment of a command economy are disrupting trade with other CEMA countries. East German importers are canceling contracts with East European firms, according to press reports, and most East European countries estimate trade with East Germany will drop 20 to 30 percent this year.

Comment: East Germany will increasingly reorient its trade toward the EC unless reforms by CEMA countries enable them to finance hard currency trade. Bonn expects trade with Eastern Europe to recover in the medium term, however, and is taking steps to minimize the economic impact of German unification on the region and to keep solvent many East German firms that will eventually fall victim to Western competition.

The East Europeans would like Bonn to prop up East German firms for at least the next three years; East Germany has been the second- or third-largest trade partner for most CEMA countries and has provided crucial parts and subassemblies their factories need.

**INTERNATIONAL: Divisions on G-7 Environmental Decision**

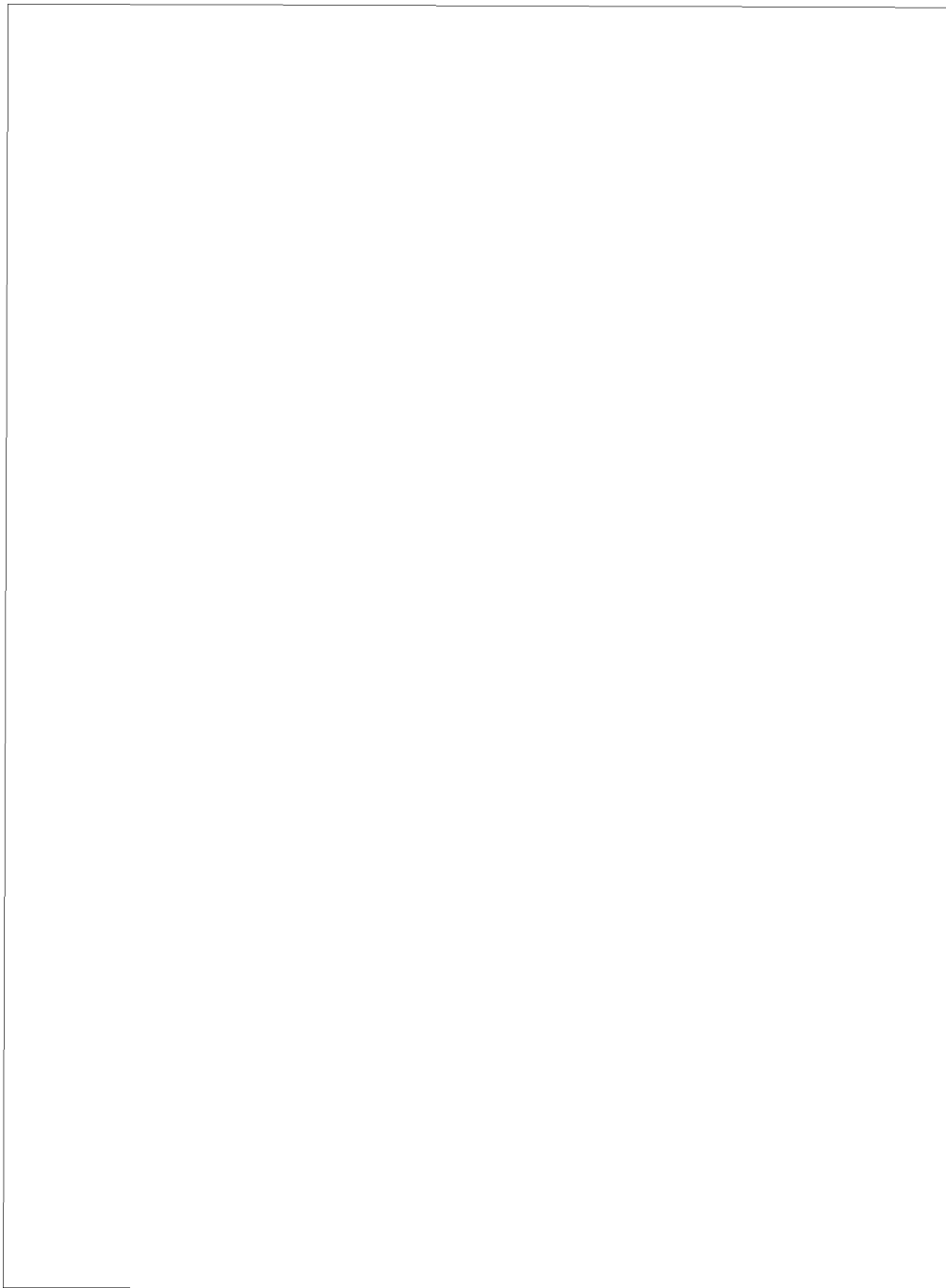
Foreign reactions range from disappointment to relief at the Group of Seven's decision to refer to the talks on climate change the issue of setting emission standards for greenhouse gases. The Canadian and Danish press considered the action a retreat from environmental commitments made last year at the G-7 summit in Paris. Tokyo media, in contrast, were pleased that limits were not set on carbon dioxide emissions; the Ministry of International Trade and Industry claims the G-7 has endorsed its go-slow, high-tech solutions for climate change. China's press took comfort that the group had weighed the economic impact of carbon dioxide limits.

Comment: Canadian and Danish comments mirror the views of vocal "Green" lobbies, while Japanese and Chinese opinion is focused more on the economic damage that might result from early carbon dioxide cuts. The wide divergence of views will make it difficult to build a consensus in the climate change talks.

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~~Top Secret~~**AFGHANISTAN: Resistance Advisory Group Criticizes AIG**

A committee of leading Afghan exiles has produced a report criticizing the lack of leadership of the Afghan interim government; the report will intensify factionalism in the resistance. The Afghan Advisory Committee—which includes traditionalists associated with former King Zahir Shah, who is living in Europe and the US—was called to Peshawar by interim government President Mojadedi to evaluate the political problems of the interim government and to recommend ways to revive its election plan.

The Advisory Committee offered itself as a group able to reunite the resistance because the interim government has failed to establish credibility. Several interim government leaders criticized the report, and Sayed Ahmad Gailani—a strong proponent of Zahir Shah—gave it only muted support.

Comment: Mojadedi's effort to reinvigorate the interim government has backfired. The Advisory Committee did not offer realistic proposals, and most Afghans will regard its recommendations as overly critical and an effort to gain control of the resistance. The report's perceived bias will further strain relations between the committee members and the fundamentalists. Moreover, the continued backbiting in Peshawar will increase the field commanders' disdain for both parties.

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~~Top Secret~~**In Brief****USSR**

- Gorbachev's decree yesterday allows Soviet councils, "public organizations and parties" to open TV, radio stations ... accelerates previous de facto moves in this direction ... responds to Yel'tsin, other pressures for local authority over media.

East Asia

- Entire South Korean opposition considering resigning from legislature, discussing options, checking public reaction ... angered by ruling party's ramming through controversial bills Saturday ... editorialists condemning tactics of each side.

Africa

- Zulu Chief Buthelezi launched multiracial Inkatha political party in South Africa yesterday ... Zulu support sagging, hopes to tap popularity among whites ... success would bolster efforts to end sideline status in nascent government-opposition talks.

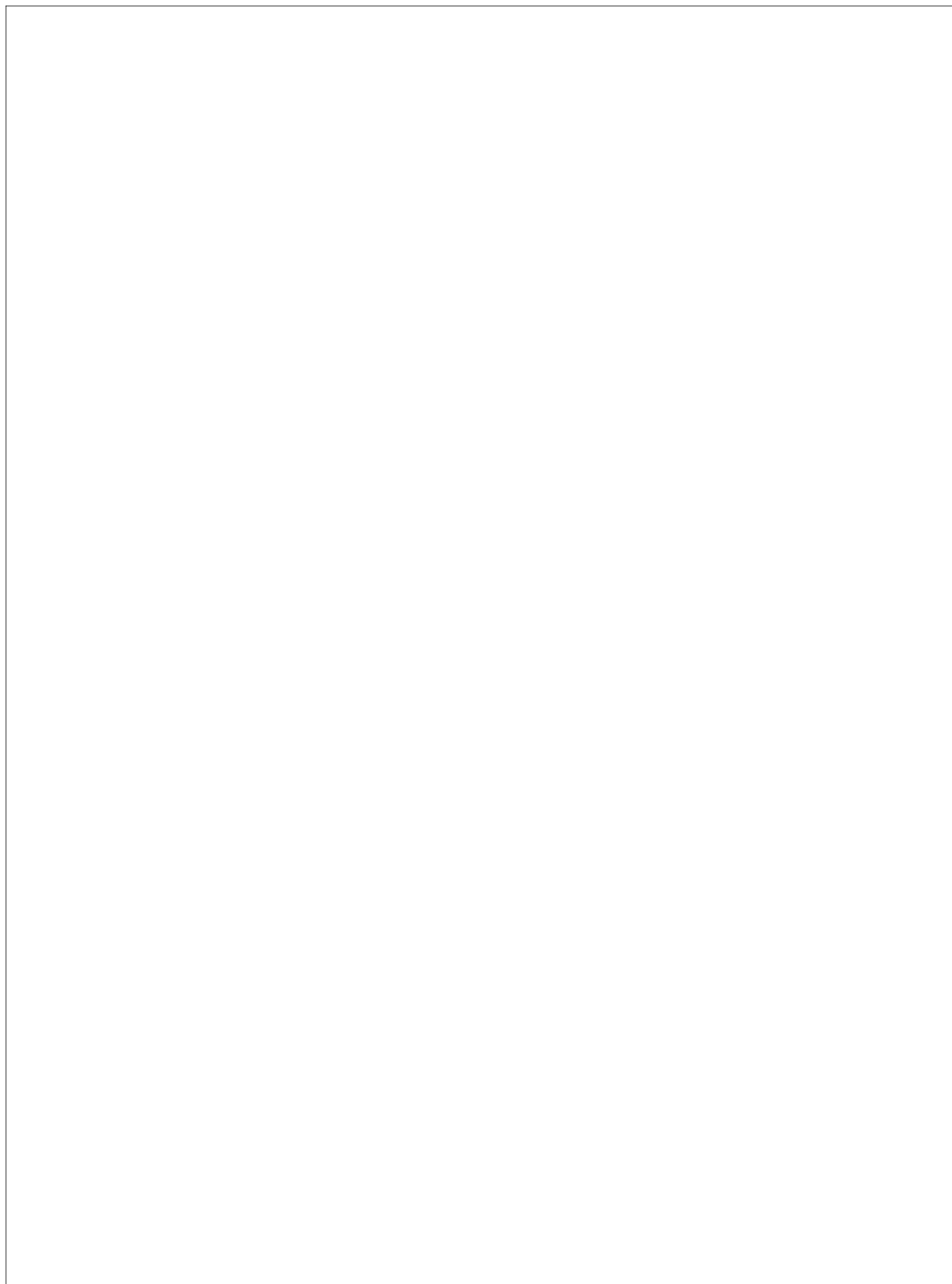
Middle East

- Crowd of 500 Islamic fundamentalists attacked police Friday in southern Egypt, two militants killed, 11 wounded ... demanded release of 42 extremists arrested during protest earlier that day ... worst sectarian violence since April.

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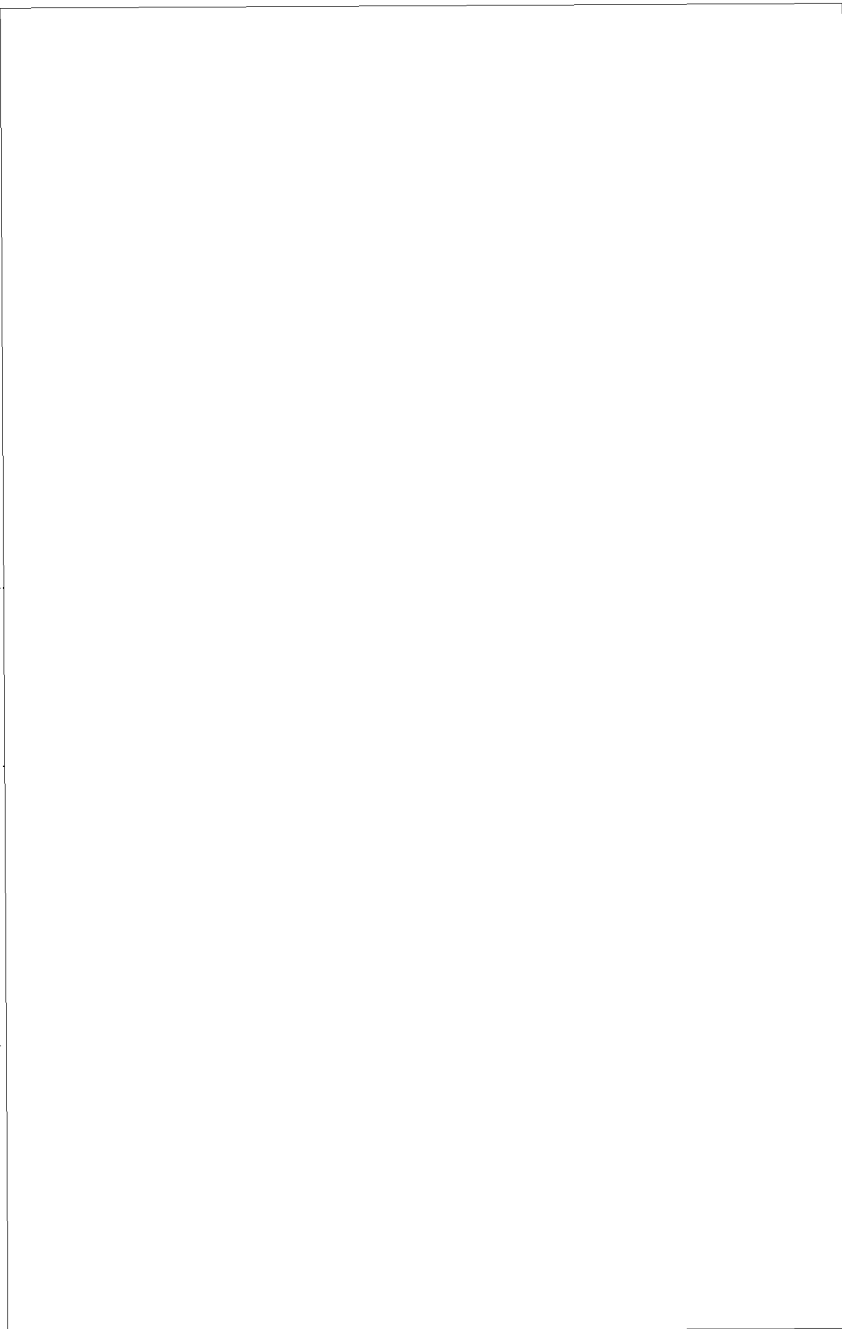
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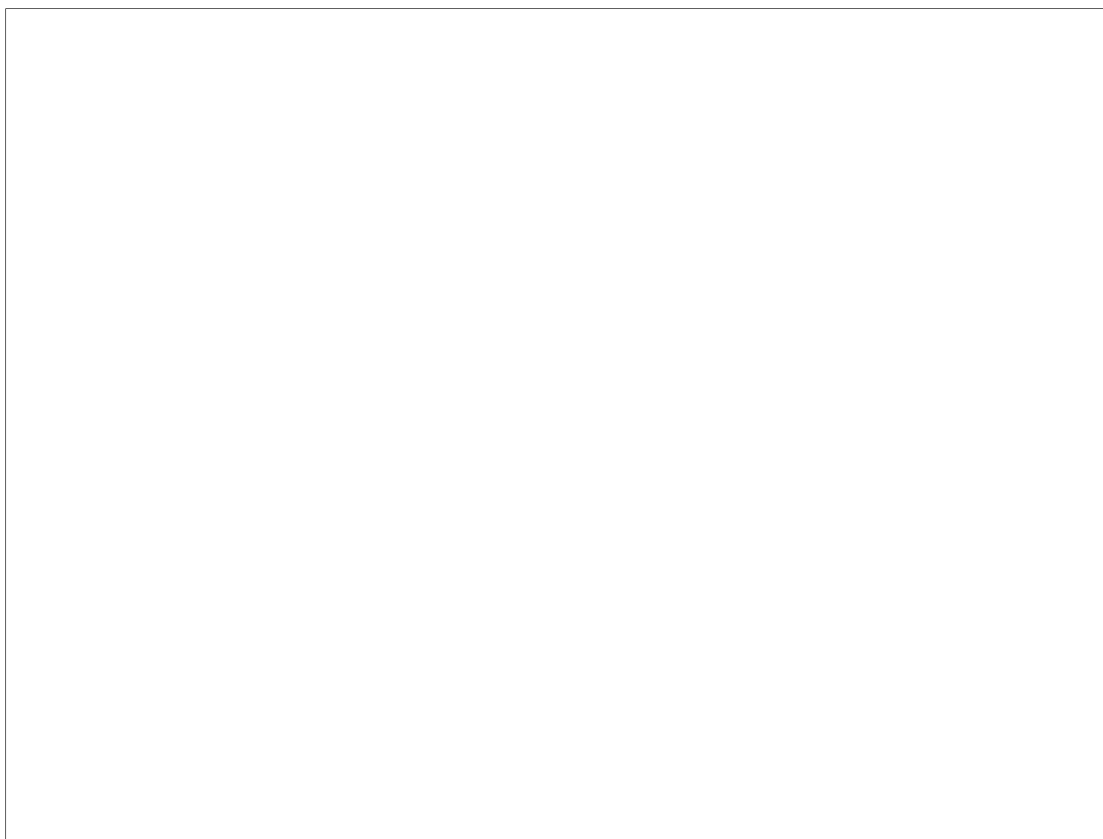
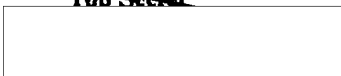


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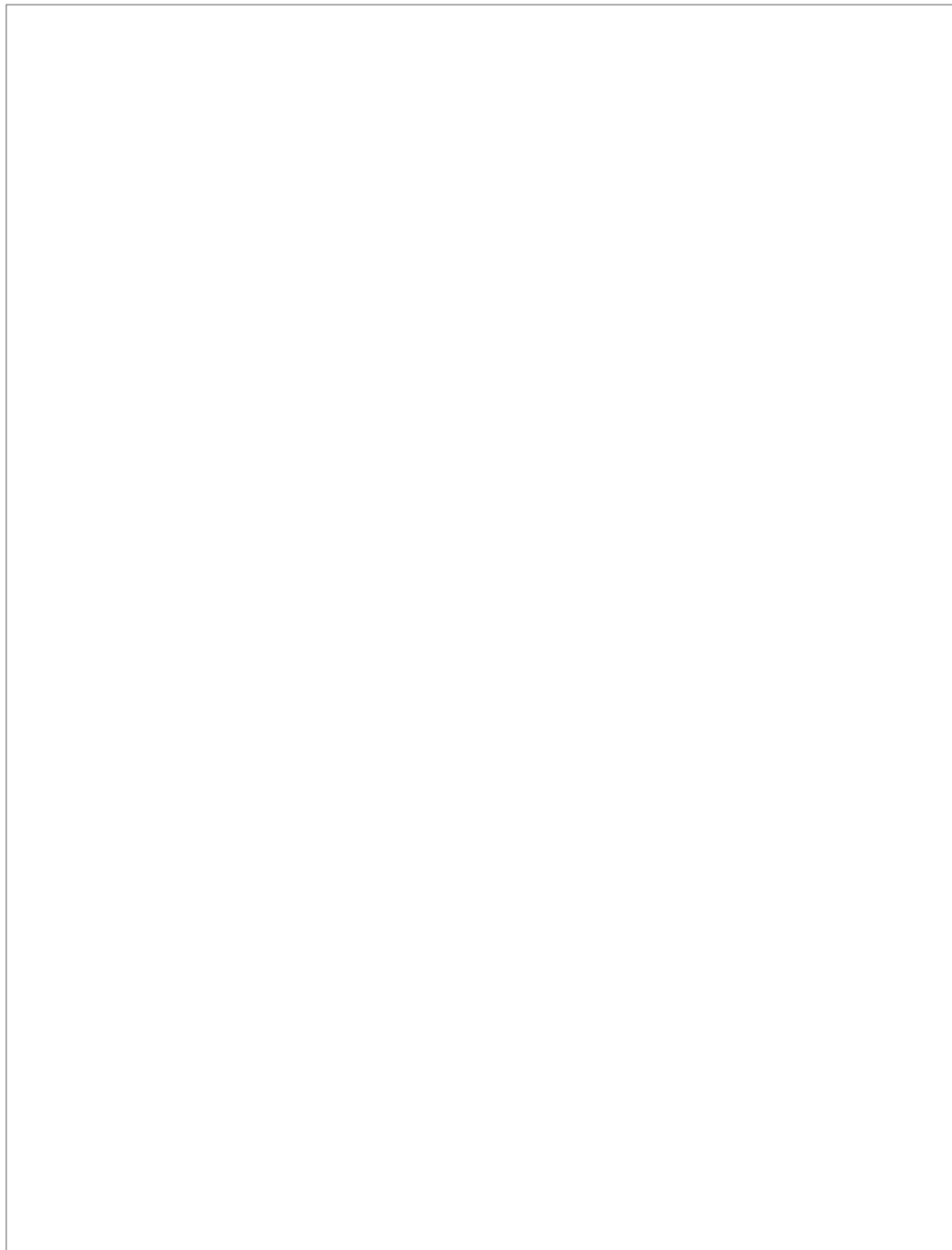


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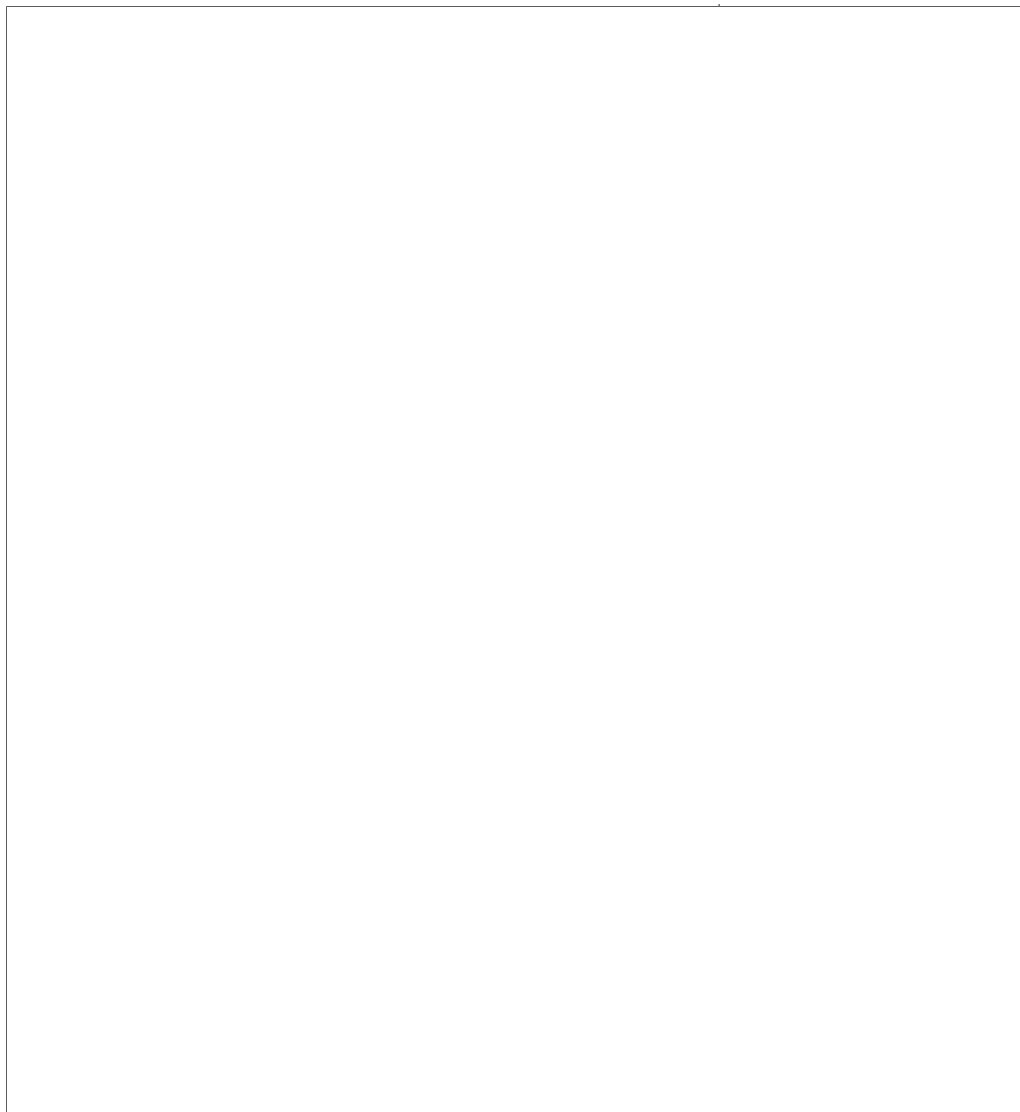


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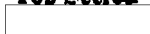
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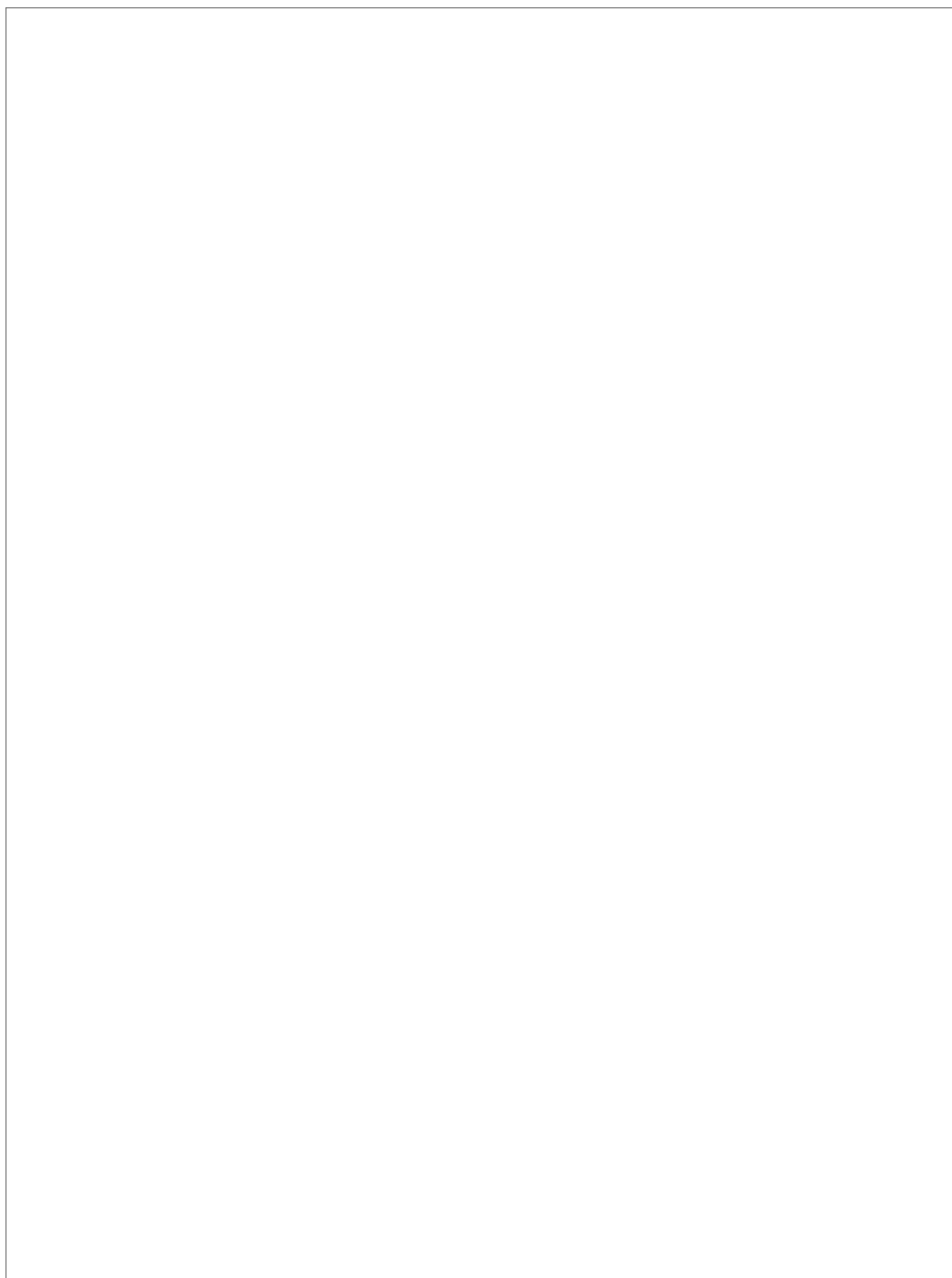
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