

December 29, 1990
**National Intelligence Daily for Saturday, 29
December 1990**

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Summary:

The CIA's National Intelligence Daily for 29 December 1990 describes the latest developments in Iraq, Kuwait, Yemen, the Soviet Union, Poland, Lebanon, and Eastern Europe.

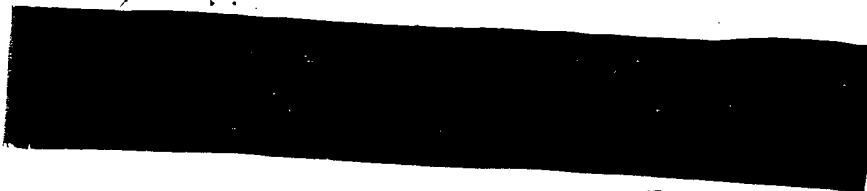
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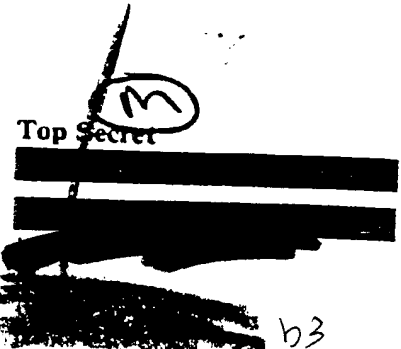
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NATIONAL INTELLIGENCE DAILY

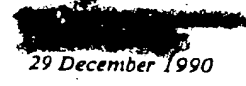
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IRAQ-KUWAIT: Situation Report

[REDACTED]

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~~Jordan~~
Complying With Sanctions

[REDACTED]

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Soviet Envoy Meets Saddam

Moscow reported yesterday that Deputy Prime Minister Belousov and Saddam spent more than three hours discussing the evacuation of Soviet citizens. Moscow also announced that 250 people returned to the USSR yesterday, leaving 1,450, including 37 military specialists, in Iraq.

[REDACTED]

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b3 [REDACTED] The length of the meeting suggests serious difficulties over the evacuation. Moscow appears determined to arrange for the departure of all Soviets who wish to leave, although it is becoming apparent that many may choose to stay. [REDACTED]

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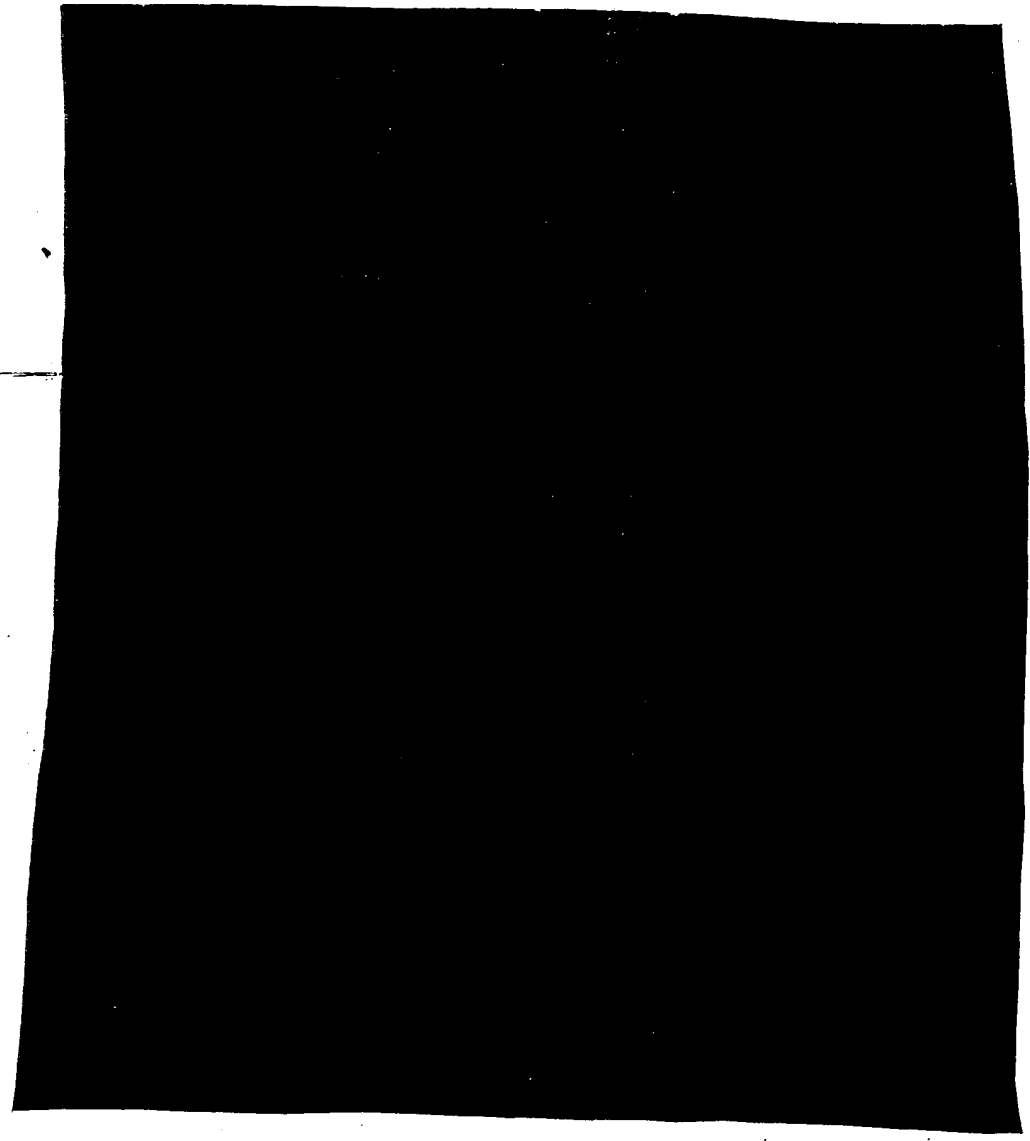
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YEMEN:



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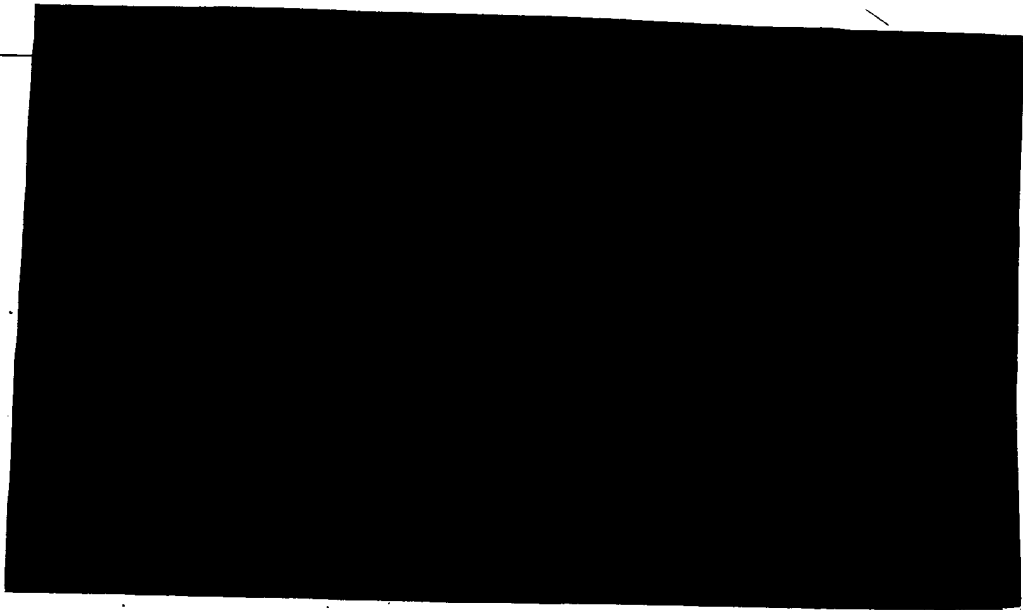
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USSR:

Lithuanians Make Concession

The Lithuanian legislature yesterday made a concession to Soviet authorities to get negotiations started, but fundamental differences over ground rules and objectives are likely to stall any talks quickly. [REDACTED] b3

The republic legislature agreed to drop its insistence on a signed protocol with central authorities before negotiations begin. [REDACTED] b3
 [REDACTED] it also called for identification of possible topics for referendums by next June. Lithuanian leaders wanted the protocol to guarantee that negotiations would be directed at independence and conducted on a state-to-state basis, thereby exempting the republic from the onerous Soviet secession law. The legislature indicated that it still expects negotiations with the USSR to be interstate and not to violate Lithuanian sovereignty. [REDACTED] b3

b3 [REDACTED] The Lithuanian resolution is a concession and probably is intended both to test Gorbachev's willingness to deal and to reduce pressure for a crackdown in the republic. The call for referendum topics suggests republic leaders may be considering a vote on independence, which would be another concession to the center, but the Lithuanians are unlikely to accept the voting procedures of the secession law, which would stack the deck against independence. The continued emphasis on the interstate nature of future talks and the need to protect Lithuanian sovereignty, moreover, suggests fundamental differences remain. [REDACTED] b3

b3 Gorbachev still does not appear willing to negotiate seriously with the Lithuanians over independence. Their moves are unlikely to deter him from keeping the pressure on. He could nevertheless agree to begin talks in order to trigger a 100-day moratorium on republic legislation pursuant to the Lithuanian declaration of independence; the legislature decided in June that it would declare such a moratorium when formal talks with the center begin. [REDACTED] b3

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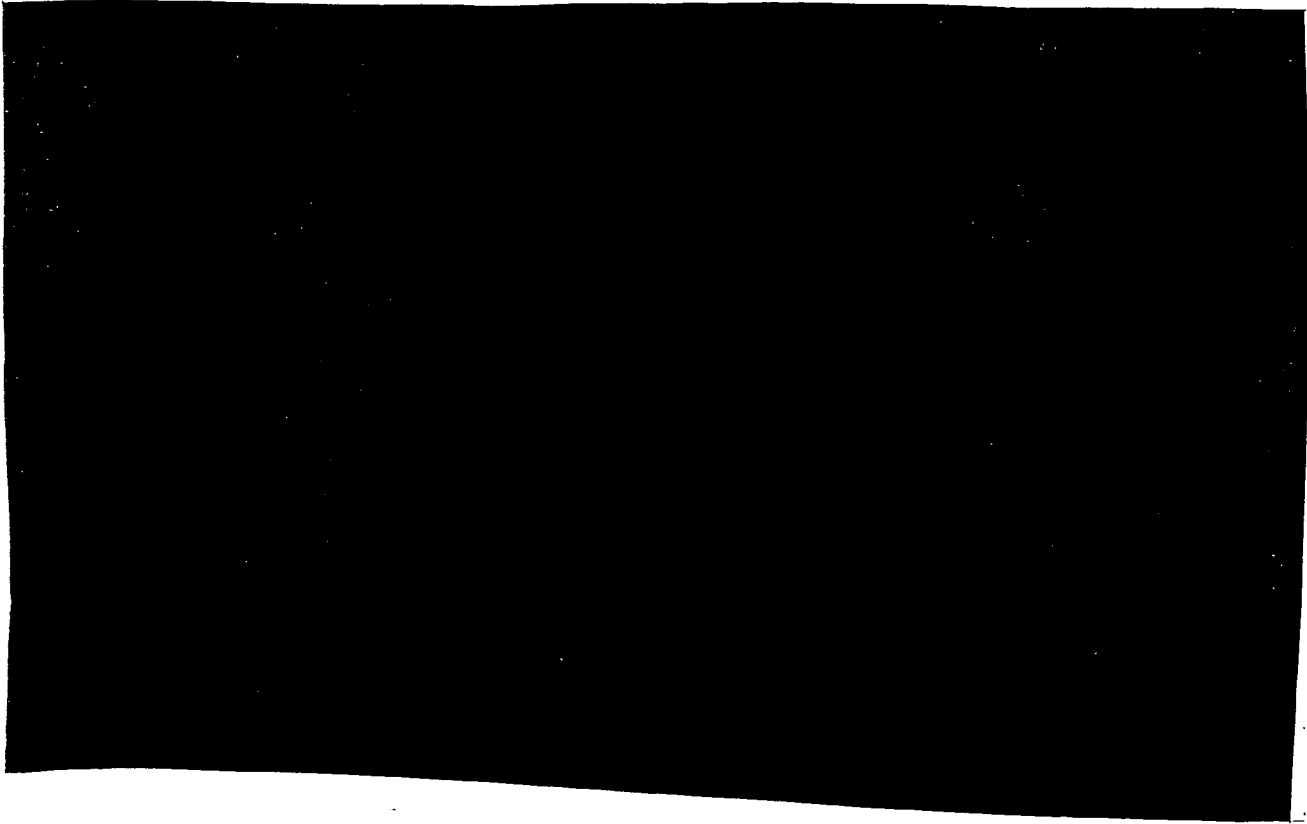


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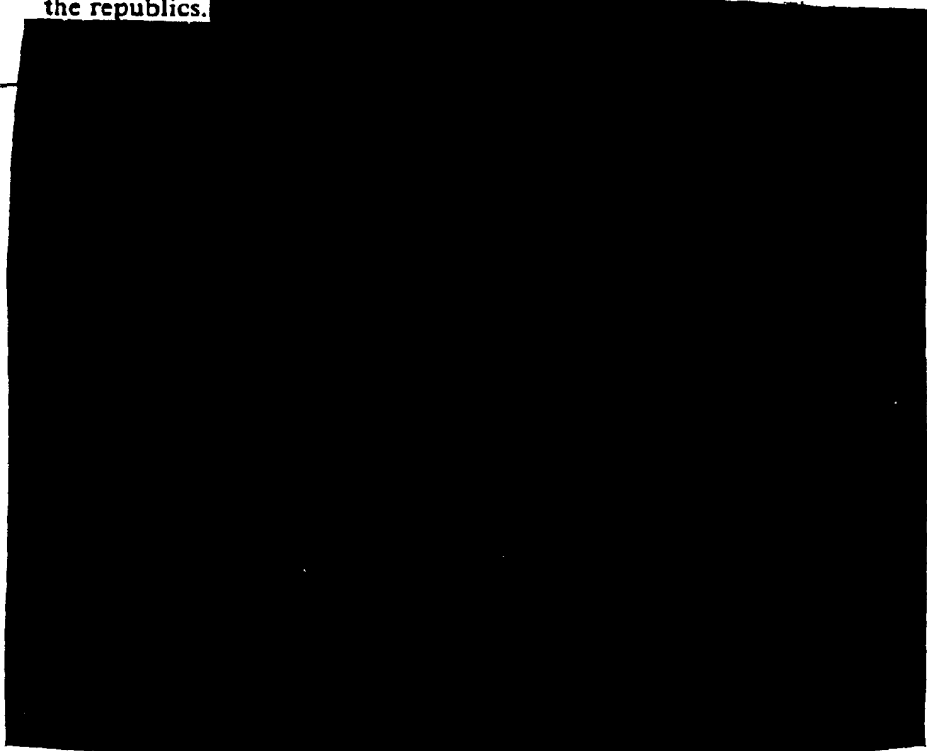
USSR:

Trying To Revitalize the Big Stick

The Interior Ministry's new leadership appears committed to bolstering the center's law enforcement capabilities and ensuring a responsive nationwide police force that could help Gorbachev reassert central authority.

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In his first interview since succeeding Vadim Bakatin, Boris Pugo vowed to regain law enforcement prerogatives that had devolved to the republics.



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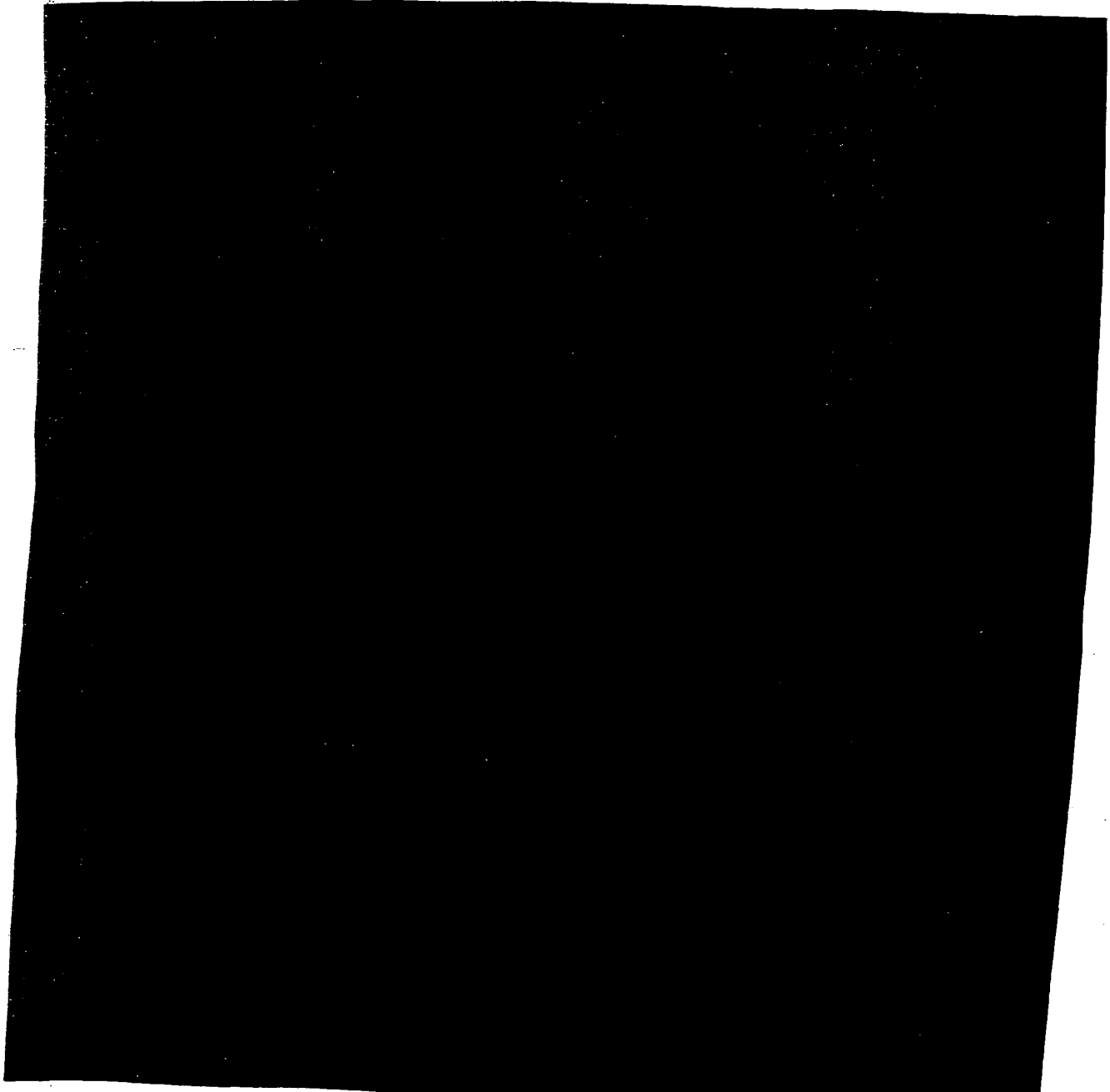
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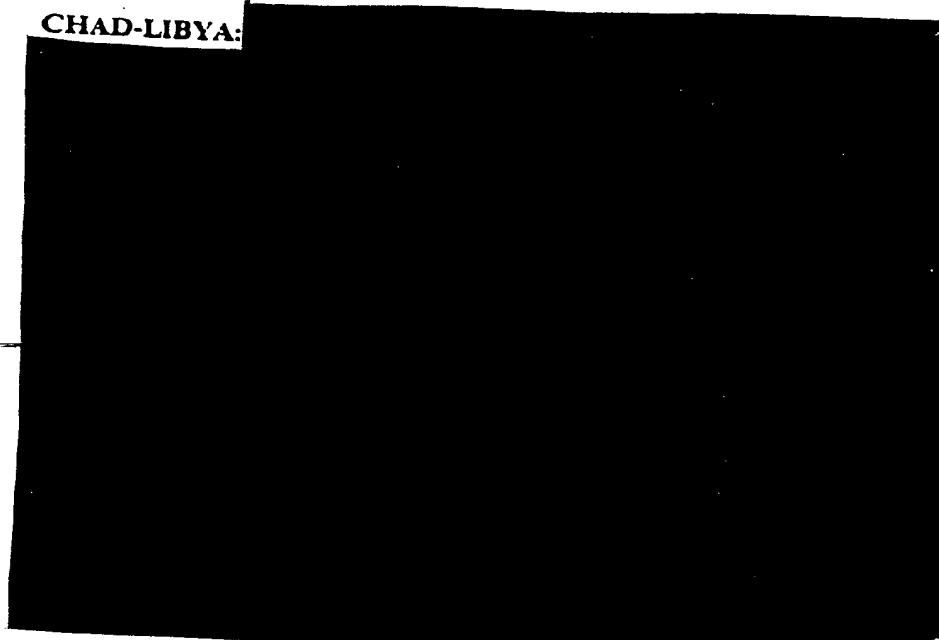


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CHAD-LIBYA:



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POLAND: New Cabinet Shaping Up

President Walesa is expected to announce his government within days. Jan Bielecki, a free market economist and leader of the small Liberal Democratic Congress, is the leading candidate for prime minister, and speculation is increasing that Walesa will retain Prime Minister Mazowiecki's Finance, Foreign Affairs, Defense, and Interior Ministers. ~~_____~~. The new government will stay in office until a legislative election this spring.

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~~_____~~ Walesa's ~~_____~~ cabinet selections would solve his most immediate problem, assembling qualified experts to deal with severe economic and political problems. The retention of key ministers—especially Finance Minister and Deputy Premier Balcerowicz—would show the West Walesa's determination to continue most of Mazowiecki's economic and foreign policies, although it might alienate some supporters who wanted a clean break with the past.

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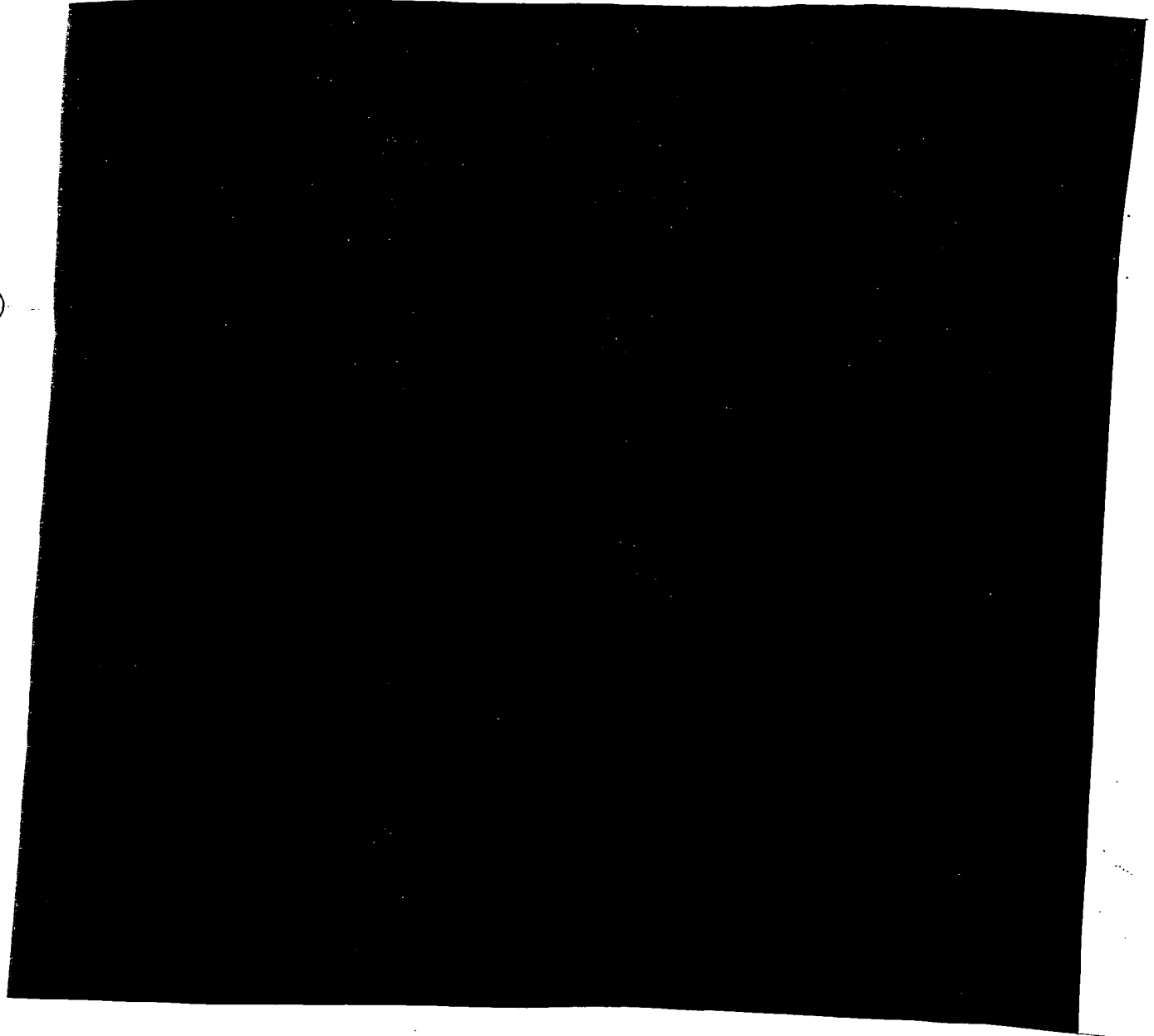
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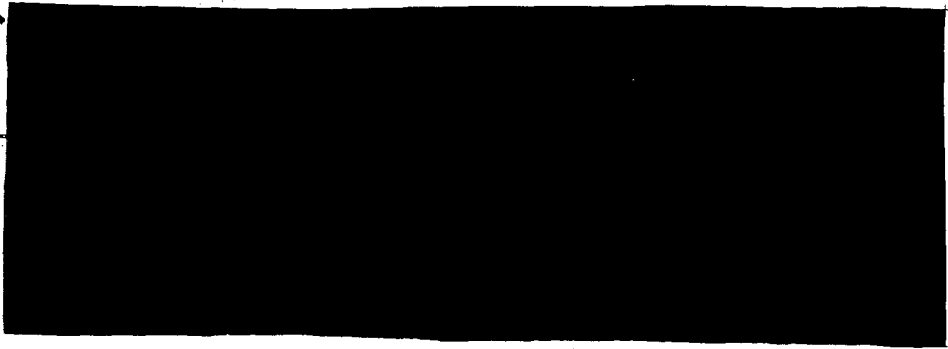
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CHINA: New Security and Trade Ministers Named

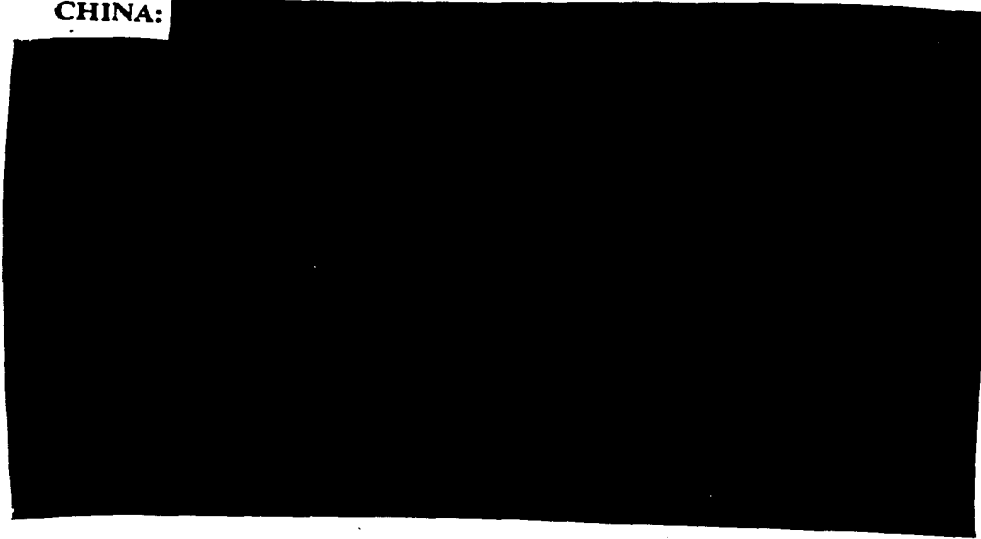
The long-rumored appointments of Tao Siju as Minister of Public Security and Li Lanqing as Minister of Foreign Economic Relations and Trade were announced yesterday.

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CHINA:



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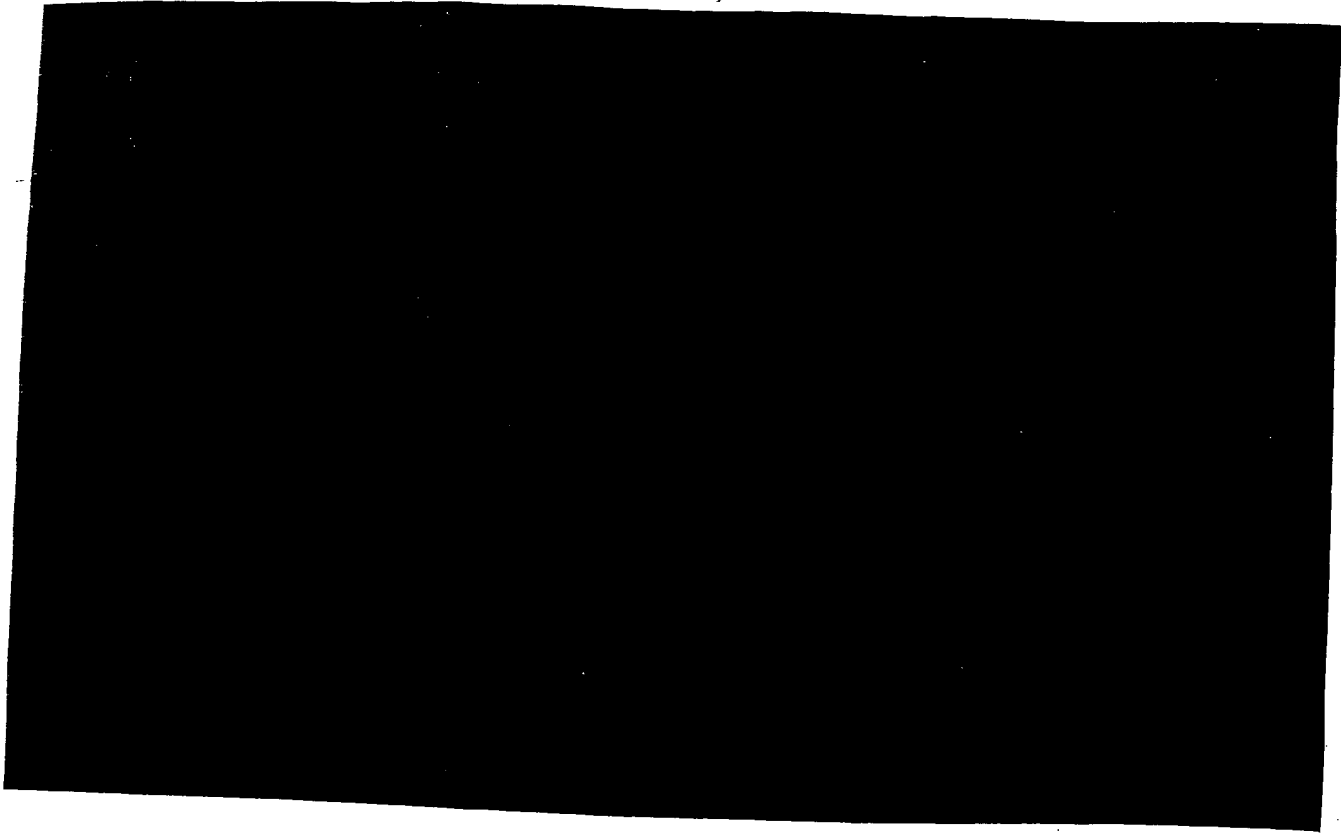
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~~Top Secret~~ b3**USSR: Traditionalists Gain in Military Shuffle**

Moscow has appointed three hard-hitting officers to key military posts during the past week. Col. Gen. Vladislav Achalov, head of the Airborne Forces for about two years, is now a deputy minister of defense. [REDACTED] did not specify his responsibilities in the new position, which appears to have been created for him; he has said he will be involved with implementing the military's transition to defensive doctrine. Achalov's former deputy, Lt. Gen. Pavel Grachev, will move up to head the Airborne Forces, and Lt. Gen. Viktor Chechevatov has been named Kiev Military District commander. [REDACTED] b3

b3 [REDACTED] Although the three new appointees are all traditionalists, their youth will forestall accusations by junior officers that top ranks are stagnant. Achalov has had experience that both enables him to bring a practical approach to doctrinal reform issues and qualifies him to oversee the use of armed forces to cope with domestic unrest. [REDACTED] b3

USSR: Georgia Tense

Internal interethnic and center-republic relations remain tense in Georgia. Some 2,000 Ossetians in Tskhinvali [REDACTED] attacked local militia forces and took them hostage on Thursday in retaliation for Tbilisi's arrest of an Ossetian; the hostages were released after he was set free. Yesterday the Georgian Supreme Soviet banned illegal armed formations; the newly created national guard, which has been subordinated to the republic MVD, will be supplied with weapons surrendered in response to an earlier legislative appeal to the populace. [REDACTED] b3

b3 [REDACTED] The recently created consultative commission, which was to negotiate a settlement between the separatist-minded Ossetians and Tbilisi, may be in jeopardy. The national guard is intended in part to suppress the instability created by disgruntled ethnic minorities and radical opponents of the new government, but its creation defies central authorities. [REDACTED] b3

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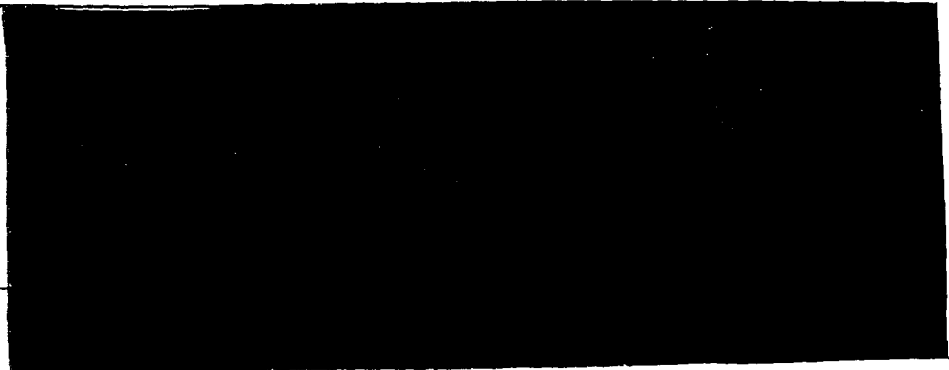
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In Brief

East Asia



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— Former South Korean President Chun Doo Hwan returning to Seoul tomorrow from two-year exile. [redacted] opposition leader Kim Dae Jung not opposing return, but antigovernment demonstrations possible. [redacted]

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USSR

— Gagauz leader in Soviet Moldova said yesterday his group willing to comply with presidential decree, questioned whether republic would . . . probably trying to blame Moldovan leaders for any showdown with center as Tuesday deadline approaches. [redacted]

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Africa

— Liberian rebel Taylor threatening "peace march" into Monrovia this month . . . trying to exploit tension between rival factions, peacekeeping force, interim government . . . seeking popular mandate to circumvent cease-fire agreement, seize power. [redacted]

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— Explosion severely damaged Luanda airport terminal Thursday but no casualties. [redacted] government blames UNITA, insurgents accuse ruling-party dissidents . . . disputes over UN food relief may hamper next month's peace talks. [redacted]

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Middle East



Americas

— Some 600 rioting Mozambican students in Cuba arrested this week, one killed, [redacted] demanding living allowance be paid in dollars . . . more unrest likely as economy deteriorates, food supplies decline. [redacted]

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Special Analysis

LEBANON:

Peace Comes to Beirut, Trouble to South Lebanon

The pacification of Beirut and a cease-fire between the rival Shia militias Amal and Hizballah in southern Lebanon mean that attacks by Lebanese and Palestinian groups on Israel and its Lebanese proxy, the Army of South Lebanon (ASL), are likely to be more frequent. In response, Tel Aviv probably will increase small-scale operations outside its self-proclaimed security zone, adding to the risk of unintended confrontations with the Lebanese and Syrian Armies.

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The Harawi government's move to establish control over Beirut has pushed Lebanese militia fighters toward southern Lebanon, the one region not occupied by Syrian forces.

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The government let militias retain their weapons for activities against Israel and the ASL, probably encouraging the southward migration. All major Christian and Muslim militias—including the Lebanese Forces, which has longstanding ties to Israel—quickly identified themselves as resistance organizations.

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Implications of Cease-Fire

After months of fighting, Amal and Hizballah are abiding by a cease-fire agreement sponsored by their respective patrons, Syria and Iran.

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Lebanese and Palestinian operations in the zone also declined during earlier periods of fighting between the Shia militias, and increased following cease-fires.

The cease-fire accord provides for Amal and Hizballah to coordinate resistance operations in the security zone and for Hizballah to return to previously held positions in the south. The cease-fire will also open several infiltration routes that had been blocked by the fighting, allowing men and materiel to move southward from bases in Beirut and the Bekaa Valley more easily. A 1,200-man force from the Lebanese Army that is to deploy to the south probably will be unwilling or unable to hamper this movement and risks inviting guerrilla attacks.

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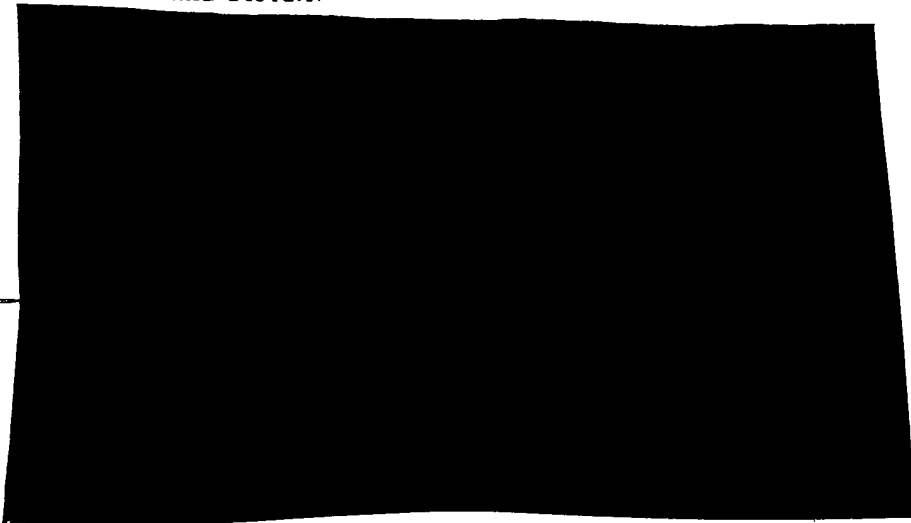
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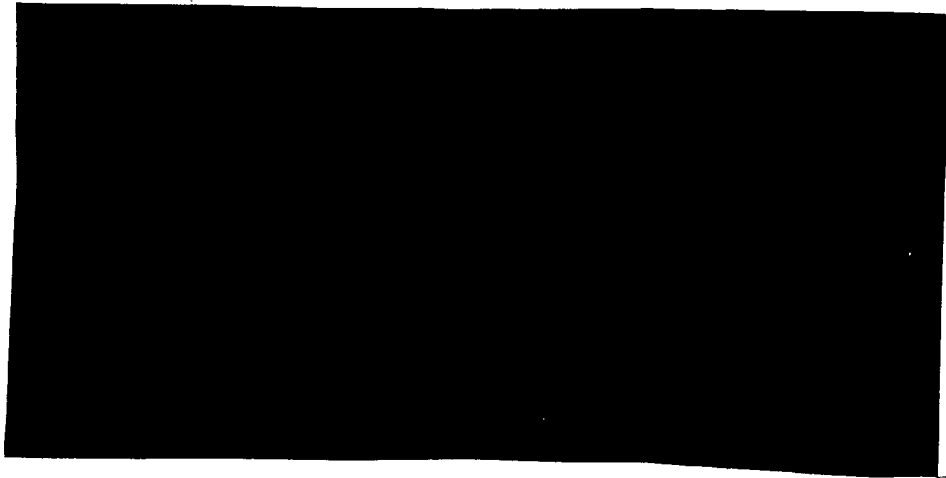
Damascus and Tel Aviv



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Outlook



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Special Analysis

EASTERN
EUROPE:

Winter of Discontent

The new governments of Eastern Europe, still struggling to develop political legitimacy and transform their economies, face a financial crunch, energy shortages, disruptions in food supplies in some areas, and what they fear will be a debilitating wave of Soviet immigrants. Poland, Czechoslovakia, and Hungary have the best-established democratic institutions and are more likely to master the social tensions produced by these challenges and further economic reform. Reform is already stumbling in the less stable and more impoverished Balkan countries; further economic decline could bring on widespread civil disorder.

The rules of Soviet-East European trade will change next month with painful consequences for Eastern Europe. Barter is to give way to payment in hard currency at world market prices. Equally bad for the region, Soviet markets are likely to shrink as buyers look to the West for higher quality goods. The changes could cost Eastern Europe more than 1 million jobs, fuel inflation, and trigger balance-of-payments crises.

The end of subsidized Soviet oil supplies will aggravate an already serious regional energy and financial crunch. Governments are trying to lessen the potential for unrest by giving residential consumers priority but can provide little solace if distribution networks are crippled. Romania and Bulgaria probably will experience the greatest disruption; both already have reduced fuel supplies to industry, forcing many firms to slow production or close.

Food shortages also could become severe in the Balkans, where drought has caused below-average harvests. The Bulgarians are rationing some staples and have banned meat and dairy exports. In Romania, food supplies are less than expected across the board, in some cases by more than 25 percent. If imports do not fill the gap in time, lack of winter feed will mean more slaughtering of livestock and meat shortages in the spring.

Meanwhile, East Europeans fear that a flood of Soviet refugees will overwhelm their already inadequate supplies and services. East European officials speculate that the lifting of Soviet emigration restrictions could lead 3-10 million persons to cross their borders moving west. Although these fears are probably exaggerated, a smaller refugee problem would still tax the East Europeans' meager resources.

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Complicating Political Problems

Shaky East European governments are struggling with steadily worsening political malaise. Many of their citizens are frustrated that the ouster of Communist dictatorships has produced calls for even greater sacrifice rather than material improvement in their lives. They chafe at the retention of discredited Communist bureaucrats and at petty bickering among the movements that swept the Communists from power. [REDACTED] b3

Even the relatively well-off Czechoslovak, Hungarian, and Polish governments are likely to face strikes and protests this winter, and across the region the political will to continue reforms may begin to ebb. Many East European leaders are likely to read Polish Prime Minister Mazowiecki's poor electoral showing as a signal that political survival demands a gradualist approach to reform. They will note that Walesa and his runoff opponent Tyminski wooed the electorate with promises of a gentler transition to a market economy. Slower reform, however, probably will postpone economic gains, prolong suffering, and jeopardize access to Western assistance. [REDACTED] b3

Massive antigovernment demonstrations sparked by shortages have already shaken governments in the Balkans. The Romanian Government, plagued by strikes and demonstrations, will barely survive the winter, and Bulgaria's squabbling political parties are only now focusing on urgently needed economic reforms. Ethnic nationalism is pulling Yugoslavia apart, and the Stalinist Albanian regime has barely survived widespread and violent demonstrations. [REDACTED] b3

All the East European countries seem likely to greet spring economically weaker and politically more unstable. The severity of their problems is likely to depend as much on external as internal events; if the USSR swings toward either anarchy or renewed authoritarianism, or energy prices surge again, or a deep recession takes hold in the West, the political and economic health of the region will be the more in danger. [REDACTED] b3

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Gorbachev in Charge of the Soviet System

Under the new political system the Congress of People's Deputies approved this week, Gorbachev now heads most key national institutions.

His jobs include:

- USSR President.
- General Secretary of the Communist Party of the Soviet Union.
- Chairman of the Council of the Federation.
- Chairman of the Cabinet of Ministers.
- Chairman of the Defense Council.
- Chairman of the Constitutional Revision Committee.

He probably will chair the new National Security Council, which is still to be organized, and may coordinate a new law enforcement body whose duties are still vague. Anatoliy Luk'yanov, who is Chairman of the USSR Supreme Soviet, is a close Gorbachev ally and tries to manage the legislature according to Gorbachev's wishes.

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~~Top Secret~~ b3**Special Analysis****USSR:****Gorbachev's Congress Victory Looks Pyrrhic**

Gorbachev got virtually all he wanted at the fourth Congress of People's Deputies, but his traditionalist posture and the disarray of reformist forces in the legislature will further polarize the country and hasten the showdown between independence-minded republics and the center.

Although the Congress was not all clear sailing for Gorbachev, he was able to mobilize traditionalist deputies from the Communist Party and the Soyuz bloc to approve strengthened executive powers and his union treaty concept, Yanayev as Vice President in a second round of voting, and the state inspectorate, even if in altered form. Gorbachev as a result will assert a national mandate for his centralizing, more authoritarian course.

Some reformers deeply concerned about stability, as well as military and Communist hardliners, gave Gorbachev the two-thirds majority his constitutional changes required. Traditionalist constituencies, after losing influence for a long time, have both regained Gorbachev's ear and reconstituted themselves politically. Although some reactionaries expressed disappointment with the Congress, most almost certainly believe the overall trend favors their cause.

Gorbachev offered the democratic reformers little but rhetoric. Alienated and divided, they were unable to mount a counterattack; many simply left the Congress. Reformers probably now believe their battles are best fought in republic and local legislatures.

Gorbachev's successes at the Congress have preserved his mastery of the party and the government assemblies but do not reestablish his authority or give him control over republic and local developments. Moreover, as the USSR's crisis develops, his widened range of responsibilities may correspondingly increase his political vulnerability. Popularly elected republic leaders will continue to challenge the center for control of resources and political power, as the Russian Republic already has done this week. These conflicts are bringing the center nearer to a choice between using force and accepting further devolution of power toward a confederal structure.

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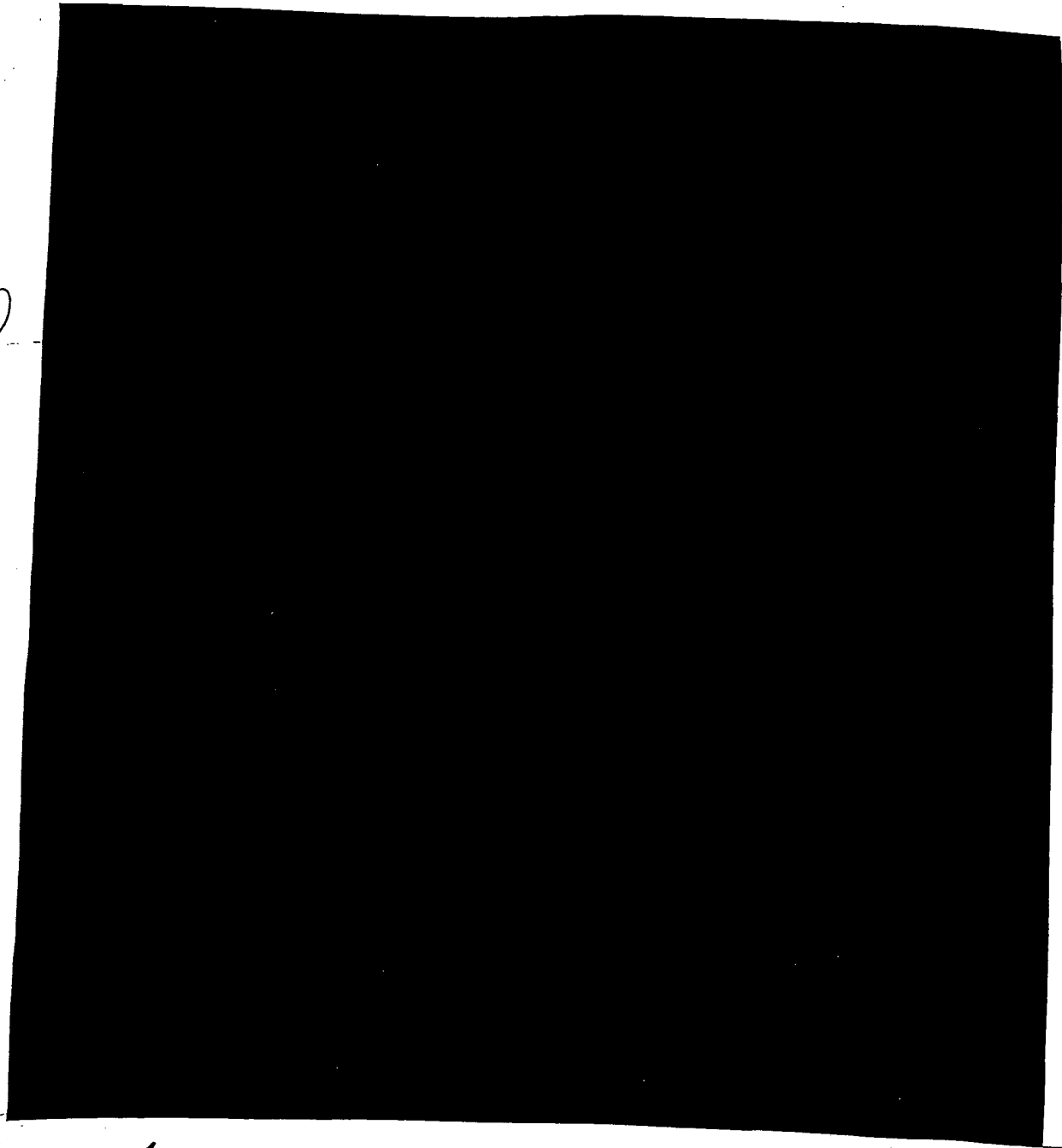


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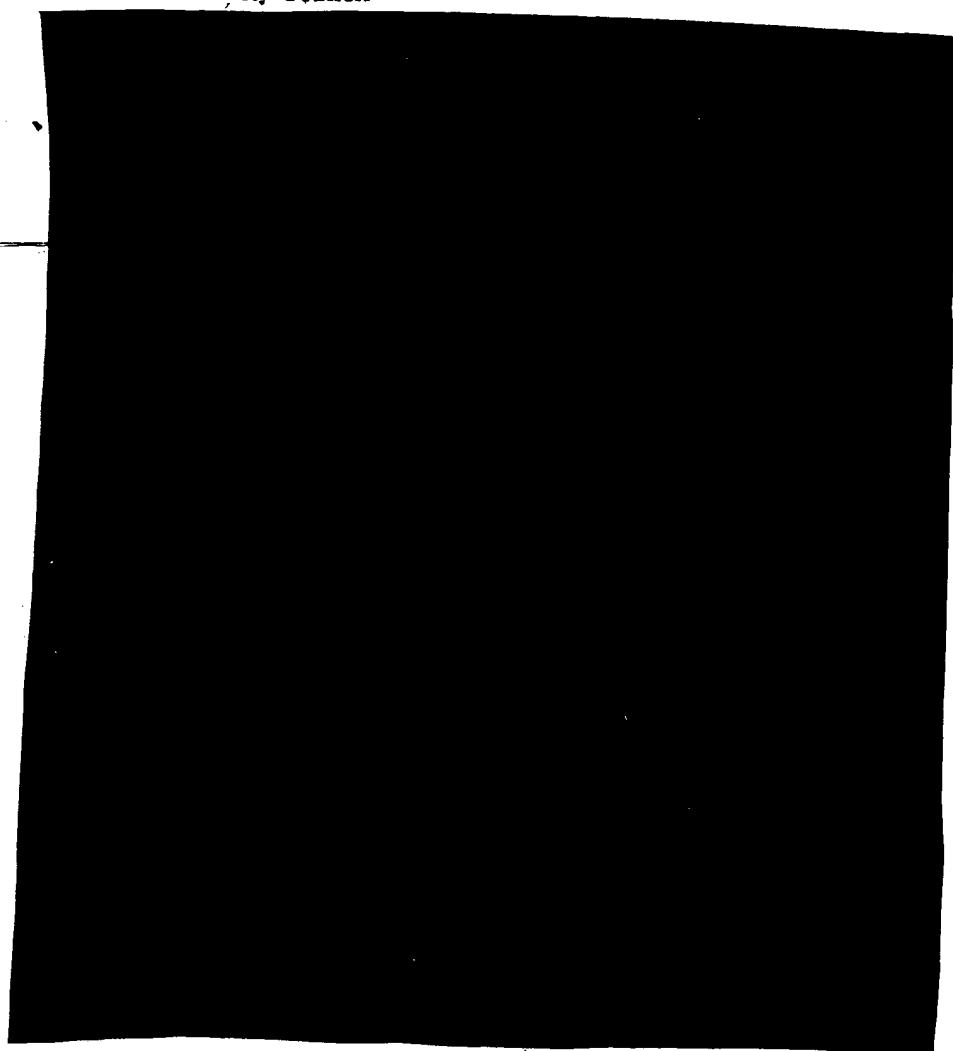
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Special Analysis

INTERNATIONAL: New UN Security Council

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