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1 July 1982

Talking Points for PFIAB on USSR and Eastern Europe

1. Although the USSR has profited from the Falklands and Middle East crises, its own political and economic situation is not encouraging from Moscow's standpoint.

2. The most acute problem is the Soviet leadership question:

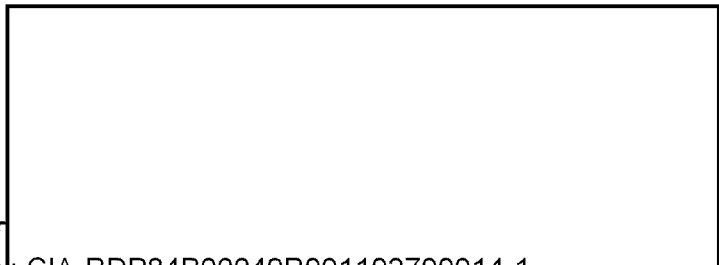
--Several  have indicated that Brezhnev can only work two hours a day

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--Below his level the struggle for second in command and eventual successor continues but no candidate has yet become strong enough to impose his will on the rest of the Politburo and give the country the direction which Brezhnev is no longer able to provide.

--On balance, events of the last two months suggest a strengthening of Andropov's position but he is certainly not sure of ultimate victory yet.

4. On the economic front the Soviet situation appears dismal.



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The Post-Falklands Environment in Latin America

- I. In South America, despite cooler relations between Washington and several capitals, there is strong sentiment for repairing relations.
- The utility of the OAS has been lessened, but proposals to exclude the US are not likely to prosper.
  - Although five countries withdrew from UNITAS naval exercises (to avoid high profile identification with US), this contrasts with the dispatch of Venezuelan military teams to El Salvador (where Caracas' concerns dictate cooperation with US objectives).
- II. Concerns over other territorial disputes have been heightened.
- Chile will press even harder for some US involvement in its Beagle Channel dispute with Argentina.
  - If Argentina's Bignone manages a transition to civilian rule, we would not expect a return to Galtieri's militarily aggressive policies in the Channel. However, he might have to resort to some

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sabre rattling on the Beagle dispute to dampen domestic discontent.

- Greater military cooperation between Peru and Argentina may persist, increasing Chile's fears that the two (and perhaps Bolivia) could move against it. Chile may take defensive measures that could escalate tensions.
- Elsewhere, the Falklands war probably has made leaderships more chary of initial use of force.
- Venezuela, however, is saying that historical errors by the US, as well as the UK are to blame for its longstanding territorial dispute with Guyana. Caracas hopes Washington and London ultimately will press Guyana to compromise.
- In Ecuador, even if the military comes to power, we expect the administration to avoid any border incidents in its territorial dispute with Peru.

III. The Falklands episode will fade quickly in Central America, primarily because the area is caught up in its own crisis and--despite some support for Argentina and criticism of the US--depends heavily on Washington.

- In El Salvador, US support will remain the most critical element in the effort to avert Communist takeover.

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- In Honduras, the Falklands aftermath coincides with growing local perceptions of US unreliability, but this view will persist only in the absence of US assistance, not because of the Falklands.
- In Guatemala, the Falklands has permitted the new government to reassert its claim to the former British colony of Belize, but direct action is unlikely; President Rios Montt hopes for a resumption of US aid in the growing war with guerrillas.
- Nicaragua was antagonistic toward the US before the Falklands, which simply provided another opportunity to criticize Washington and seek wider acceptance among fellow Latin countries.
- Suriname's ties with Cuba have expanded rapidly over the last few months. Army strongman Daysi Bouterse, who secretly visited Havana in May, is turning toward Cuba because he is attempting to consolidate his power base and finds Cuban models and advice appropriate to his needs.

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Southern Africa Briefing for PFIAB

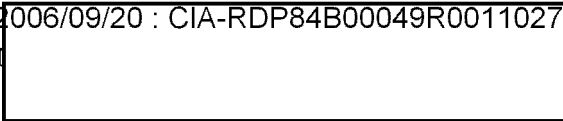
- I. In southern Africa, there is increased political maneuvering over the Namibia issue. All the parties to the negotiations will begin gathering in New York next week to discuss the modalities of a ceasefire and elections, but the question of a Cuban troop withdrawal from Angola has emerged as an overriding issue.
- South Africa has shown flexibility on many outstanding issues, but demands a Cuban withdrawal from Angola as a condition for a settlement.
  - We believe that Angola wants a settlement to end South African military pressure, but the government there may be too weak and divided to carry through on President dos Santos' apparent willingness to trade withdrawal of at least some Cubans for a settlement.
  - The Soviets see important geopolitical benefits from their continued involvement in Angola, and various clandestine and diplomatic sources have reported consistent Soviet efforts to obstruct settlement efforts. [REDACTED]
- II. Meanwhile, in Mozambique President Machel's Marxist regime is shaky, largely because of its inability to contain a South African-backed insurgent group.

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-- Although Machel continues to maintain close ties with his traditional military suppliers, the Soviet Union and its allies, he recently has made overtures to the West, including the US, in the hope that these countries might rein in Pretoria.



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