

JAMES SCHEWELL
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BRLN HAMB OSLO BEER TERE TUNI KATI
BERN HEID RANA CAIR ACCA BANG VETR
DORN LISS RONA ANNA ALGI WALE GYIE (4-)
FRAN LOND VIEH ENAH KIR DJAY BURE
FROB MADR ATHE JIDD LEOP RIGY MEXY
GUYA KUNI ANNA KANI FRET OING QUIT
NAGU KAGO CACH NEWD TPLI KCAL RYCO
KGGG SJAN AEDI 17-22

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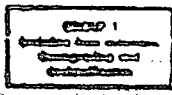
(REPORT IN SLANTS. REMAINING INFO RELEASABLE TO LIAISON)

1. CONGO: LARGE AGITATION HAS DIED DOWN AT LEAST TEMPORARILY IN FACE OF STRONG ACTION AGAINST WHICH LEADERS BY THREE-CAN "EMERGENCY COMMITTEE" WHICH SEEM TO BE BACKED LINDOLVILLE GOVERNMENT. ROLE OF FRENCH AGENDA IN THIS DISTURBANCE IS CIRCLED. IT IS KNOWN THAT MEMBERS OF THE COMMITTEE DO NOT CONSIDER AGENDA FAVORABLE BECAUSE FOR THE DISTURBANCE AND IT APPEARS THAT HE IS BEING LARGELY IGNORED AT THE MOMENT, AT LEAST AS FAR AS DOMESTIC AFFAIRS ARE CONCERNED. REFRESH MINISTER ARLEY IS THE TOP MAN OF THE COMMITTEE, BUT IF AGENDA WERE REMOVED, A NEW STRUGGLE FOR LEADERSHIP ALMOST CERTAINLY WOULD FOLLOW.

2. DARENET: THE NEW SERVICE HELD BY ARMY CHIEF OF STAFF COULD BE TRYING TO STABILIZE THE SITUATION AND ESPECIALLY TO AVOID

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-PAGE TWO-

SERVICES CLAIM BETWEEN BASICALLY AUTOMATIC ECONOMIC AND COUNTRY
SECTIONS OF THE COUNTRY. ~~RECENT~~ DE-FACTO PRESIDENT MACA IS THEREFORE
HELD RETAINED IN THE GOVERNMENT, EVEN THOUGH LARGE UNICE LEADERS
HAD EARLIER FORCED HIM OUT. THE ORIENTATION OF THE NEW LEADERSHIP
IS STILL TOWARD THE WEST BUT MACA'S OVERSTAY IS ANOTHER CLUE TO THE
PANS-ORIENTED AFD-MALAGASY UNICE. ALREADY STATED BY THE UNICE IN
BRANVILLE LAST AGENT. (CONT)

3. INDONESIA-MALAYSIA: //INDONESIAN COVERT OPERATIONS AND
PROPAGANDA AGAINST MALAYSIA CONTINUE UNABATED WHILE THE FEDERATIONS
CONTINUE TO RALLY TO POLITICAL AND MILITARY SUPPORT. IN SARAWAK
AND SABAH AREAS EACH SIDE IS ENHANCED IN REINFORCEMENTS AND LARGER
CLASSES BEING LIKELY ALONG THE BORDER. IN SINGAPORE, NEAREST MALAYSIAN
AREA HIT BY INDONESIA'S TRADE EMBARGO, STATE MINISTER LEE IS CONFIDENT
HE CAN HANDLE THE UNEMPLOYMENT AND ATTENDANT POLITICAL PROBLEMS.
MOST OF CHINESE BUSINESS COMMUNITY ARE WORRIED AND APPARENTLY WOULD
LIKE TO SEE AN ACCOMMODATION WITH SINGAPORE, BUT ON THE WHOLE
INDONESIAN PRESSURE SEEMS TO BE HAVING A UNIFIED EFFECT IN MALAYSIA.//

4. SOUTH VIETNAM: //NATIONAL DAY CELEBRATIONS ON 21 OCT PASSED
WITHOUT MAJOR INCIDENT BUT AMONGST SUBTLE TENSION AND CONCERN

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AMONG THE MILITARY OVER NEWS POLICY TOWARD NORTH VIETNAM ARE INDICATIVE OF CONTINUING UNEASINESS. THE REGIME EVIDENTLY CONTINUES TO BRACE ITSELF FOR A REDUCTION OF US AID. VIET CONG ACTIVITY DURING THE PAST TWO WEEKS HAS INCREASED SLIGHTLY BUT CASUALTIES ON BOTH SIDES -- AND GOVERNMENT WEAPONS LOSSES -- ROSE SHARPLY AS A RESULT OF THE BATTLE AT LOC NHIEN IN THE DELTA ON 19 OCT.//

3. ALGERIA-MOROCCO: THE CEASE-FIRE AGREEMENT REACHED AT BAKAKO INVOLVES NO BASIC PROBLEMS BEHIND THE BORDER DISPUTE ALTHOUGH TEMPORARILY IT MAY SAVE FACE FOR BOTH BEN BELLA AND KING HASSAN. THE AGREEMENT, WHICH BECOMES EFFECTIVE 2 NOVEMBER, IS ALREADY SUBJECT TO DIFFERENT INTERPRETATIONS, SINCE MOROCCO STILL INSISTS ON SPECIFIC CONTINUATIONS ON THIS PARTICULAR BORDER PROBLEM, WHILE THE ALGERIANS WANT THE ORGANIZATION OF AFRICAN UNITY TO DISCUSS ONLY GENERALITIES AND PRINCIPLES. THE OAU PREVIOUSLY PRONOUNCED ITSELF IN FAVOR OF ESTABLISHED BOUNDARIES AS DRAWN BY THE EX-COLONIAL POWERS. BOTH SIDES NEVERTHELESS WILL CONTINUE TO LOOK FOR FOREIGN MILITARY ASSISTANCE -- MOROCCO FROM FRANCE AND THE WEST, ALGERIA FROM EGYPT, GUBA, AND THE WEST -- AND EACH WILL REMAIN BASICALLY SUSPICIOUS AND HOSTILE TOWARD THE OTHERS' PERCEIVED OBJECTIVES.

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6. FRANCE: THE NATIONWIDE 24-HOUR RAIL STRIKE ON 23 OCTOBER WAS A MAJOR PART OF THE TRADE UNION EFFORTS TO PESS THE GOVERNMENT TO LIBERALIZE ITS WAGE POLICY. THE GOVERNMENT HAS RAISED COST-OF-LIVING INCREMENT FROM THREE TO FOUR PERCENT THIS YEAR BUT LABOR IS RESTIVE AND THE MUCH-HERALDED STABILIZATION PLAN IS IN JEOPARDY. THE CURRENT UNREST IS GREATEST IN NATIONALIZED ENTERPRISES--I.E. AMONG RAILWAY AND MINE WORKERS AND CIVIL SERVANTS. (CONT)

7. BRAZIL: NEW LABOR TROUBLES IN BRAZIL BEGAN THE RELATIVELY BRIEF PERIOD FOLLOWING PRESIDENT GOULART'S SHORT-LIVED DRIVE TO ESTABLISH A STATE OF SEIGNE OCT. THE POTENTIALLY CRITICAL SITUATION IN SAO PAULO RAISES POSSIBILITY OF SHOWDOWN BETWEEN THE GOVERNMENT AND ANTI-GOULART FORCES. THE LATEST REPORTS ESTIMATE 30 PERCENT OF SAO PAULO INDUSTRIAL WORKERS ARE ON STRIKE AND SYMPATHY STRIKES HAVE BROKE OUT ELSEWHERE.

8. VENEZUELA: THE VATICAN IS LIKELY TO RECEIVE A CAUTIOUSLY OPTIMISTIC VIEW OF PROSPECTS FOR A SHORT LIVED SETTLEMENT BETWEEN CASTRO REGIME AND CATHOLIC CHURCH FROM VATICAN LACKEY CHAIRMAN OF THE HOLY SEE'S DELEGATION IN CARACAS SINCE 1962. BUT IN CASE, VATICAN LACKEY

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BELIEVES HIS EFFORTS TO PROMOTE MORE COOPERATIVE CHURCH-STATE RELATIONS COULD BE SUCCESSFUL AND THERE IS NO REASON WHY THE CHURCH CANNOT FULFILL MORE EFFECTIVE RELIGIOUS MISSION IN CUBA. HE SEES AS GO STUMBLING BLOCK THE IRRECONCILABILITY OF THE CHURCH'S LONGER RANGE GOALS AND THE REGIME'S IDEOLOGY.

9 ITALY: DIFFICULT NEGOTIATIONS ON CABINET POSTS AND ON A LEGISLATIVE PROGRAM ARE IN PROSPECT AS SOCIALISTS (PSI) AND CHRISTIAN DEMOCRATS (CD) BEGIN TO FORM A CENTER-LEFT COALITION. OPPONENTS OF SUCH AN ALLIANCE HAVE A WIDE RANGE OF TACTICS AVAILABLE TO TRY TO BLOCK IT. SOCIALIST PIERRE BERNIS NEGOTIATION PREFERENCE IS LIMITED BY RICCARDO LOMBARDI'S CONTROL OF 16 OF THE BERNIS FACTIONS 59 SEATS ON PSI'S RECENTLY-ELECTED 101-MAN CENTRAL COMMITTEE. THIS WEEK'S SOCIALIST CONGRESS RESOLUTIONS INCLUDE FOREIGN POLICY RESERVATIONS AT WHICH CD OPPOSITION MAY BALK. (CONF)

10. DENMARK: PRIME MINISTER BRAGS SOCIALIST-RADICAL-LIBERAL COALITION GOVERNMENT-- A GENERALLY MODERATE POLITICAL GROUPING--MAY BE FORCED TO CALL EARLY ELECTIONS. THE GOVERNMENT HAS DEFEATED A SERIES OF NO-CONFIDENCE MOTIONS IN RECENT WEEKS BUT ITS MARGIN OF

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VICTORY DECLINED TO ONE VOTE IN THE MOST RECENT TEST ON 23 OCT
OPPOSITION IS MADE UP ENTIRELY OF MORE CONSERVATIVE PARTIES BUT
ALSO INCLUDES EXTREME LEFTIST SOCIALIST PEOPLES PARTY. A RECENT
GALLUP POLL SHOWS SOME DECLINE IN SUPPORT FOR THE GOVERNMENT. (CONF)

11. BRITAIN AND THE COMMON MARKET: //THE 25-26 OCT MEETING
AT THE HAGUE OF FOREIGN MINISTERS OF BRITAIN AND COMMON MARKET DID
LITTLE TO ADVANCE PROSPECTS OF BRITAIN'S EVENTUAL PARTICIPATION IN
THE EUROPEAN COMMUNITY BUT MAY HAVE REOPENED AVENUES OF DISCUSSION
CLOSED SINCE DEGAULLES VETO OF LONDON'S MEMBERSHIP NINE MONTHS AGO.
DISCUSSIONS WERE COMPREHENSIVE BUT ONLY DECISION REACHED ON NON-
EUROPEAN TOPIC WAS TO FURTHER ~~EXPLORE~~ POSSIBLE COORDINATION IN FIELD
OF EUROPEAN POLICY TOWARD LATIN AMERICA. SHARP DIFFERENCES OF VIEW
WERE EVIDENT ON GENERAL QUESTION OF FURTHER WESTERN PROBING OF SOVIET
INTENTIONS.// (CONF)

12. ~~STRENGTHENED~~ SOVIET RELATIONS: THE SOVIET LEADERS APPEAR TO HAVE
DECIDED AGAINST A NEW WORLD COMMUNIST CONFERENCE IN THE NEAR FUTURE.
THEY MAY HAVE BEEN PREOCCUPIED IN CONSULTATION WITH FOREIGN COMMUNIST

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LEADERS THAT THE DISRUPTIVE EFFECTS OF A FORMAL CONDEMNATION OF THE CHINESE BOTH BY SOME FOREIGN COMMUNIST PARTIES AND IN THE MOVEMENT AS A WHOLE WOULD OUTWEIGH ANY ADVANTAGES MOSCOW MIGHT DERIVE FROM SUCH A CONFERENCE. (CONF)

13. COMMUNIST CHINA: PEIPING WHOSE ECONOMIC ASSISTANCE IN PAST YEARS HAS BEEN EXTENDED PRIMARILY IN ASIA IS NOW OFFERING INCREASED AID ELSEWHERE. SO FAR THIS YEAR ALL OF CHINA'S OFFERS TOTALING \$90 MILLION HAVE BEEN EXTENDED TO MIDDLE EASTERN AND AFRICAN COUNTRIES -- ALGERIA, SYRIA AND THE CONGO REPUBLIC. SOME OF THESE AS WELL AS EARLIER AID OFFERS TO OTHER COUNTRIES MAY HAVE BEEN MOTIVATED BY DESIRE TO MAINTAIN CHINESE "PRESENCE" IN THE FACE OF SOVIET AID OR TO EXPLOIT WHAT THE CHINESE BELIEVE TO BE FAVORABLE LOCAL CONDITIONS.

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