

FRANK SCHREIBER  
OCT 7 1963  
22 OCT 63

7-8-63

20 OCT 1963

MESSAGE AS FOLLOWS

3-1-63

78167

NOTICE

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URGENT MATTERS (FOR LIAISON) // PRIORITY IS STAFFS

1. USSR MARKING TIME ON CUBA. MOSCOW APPARENTLY DOES NOT WANT AMERICAN INCIDENTS TO SPOIL DETAILED ATMOOSPHERE, BUT IT HAS GIVEN NOTICE IT WILL RESPOND VIGOROUSLY TO ANY SIGNIFICANT MOVE TO ALTER STATUS QUO, PARTICULARLY IN GERMANY.

2. COMMUNIST AID FOR CHINA HUMANITARIAN DISASTER. THE SOVIET UNION AND COMMUNIST CHINA ARE SENDING EMERGENCY RELIEF SUPPLIES. KENNEDY LATER HAS OFFERED GOVT PROGRAM TO SUPPLY WIDE VARIETY OF FOOD AND CONSTRUCTION EQUIPMENT AND MATERIALS DURING NEXT YEAR AT LEAST SOME WITHOUT CHARGE. ADDITIONAL AID REQUESTS LIKELY TO BE FORTHCOMING FROM HAVANA.

3. YUGOSLAVIA AND RUMANIA STATES. KFORANE'S VIEW NOW IS THAT THE WORLD IS SO LONGER DIVIDED BETWEEN EAST BLOC AND WEST BLOC. IT SEES A POLITICAL DIVISION BETWEEN THESE STATES

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... FOR 'FRANCIS COMMISSION' AND TRADE AGAINST IT, AND AN ECONOMIC DIVISION BETWEEN THE DEVELOPED AND UNDERDEVELOPED STATES. IT NOW SEEMS PROBABLE ABOUT 1970 THE DEVELOPED STATES AS A WHOLE CONTACT WITHIN THE 'COMMITTEE OF FRANCIS COMMISSION'.

4. ... THE REGIME'S STEPPED-UP ... HAS ACCRATED THE SOULS AND AN ... IN INTERNAL ECONOMIC POLICIES. ... AND ADMIRALTY HAVE DIMINISHED GREATLY, BUT THE POPULATION FEELS ... AS THE BEST ALTERNATIVE, AND THAT AN ATTEMPT TO CHANGE THE SITUATION MUST PROVOKE SOVIET INTERVENTION.

5. ... SOVIET MILITARY DEVELOPMENT ... SOVIET MILITARY ... THE LARGE ... IS SCHEDULED TO ARRIVE IN ... 14 OCT.

6. ... REASSESSMENT OF THE ECONOMIC SITUATION ... MAY DELAY FINAL ... OF THE 1960-65 ECONOMIC PLAN. ... S LATEST ... A LAST-CHANCE

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REPORT, BUT SIGNS INDICATE THE PROGRAM IS BEING REFINED

7. FLOODS IN NORTH CHINA - LARGE AREAS OF THE NORTH CHINA PLAIN ARE STILL COVERED WITH WATER AFTER TWO MONTHS, AND AFFECTED AREAS, ESPECIALLY CHINA, APPEAR TO HAVE SUFFERED A SERIOUS CROP BLOW WHICH LEAST DAMAGE WILL PROBABLY BE REDUCED AND PLANTING DELAYED.

8. WEST GERMANY: ERHARD REMAINS TAKEN OVER CAUTIOUSLY, MARSH FURTHER CANNOT CHANGE THAN EXPECTED AND MOVING CLOSELY TO THE AMERICAN LINE IN FINANCING HIS GOVT'S POLICIES. COMMUNIST MEMBERS FROM GERMAN SOCIAL DEMOCRATIC PARTY HAVE STATED PRIVATELY THEY INTEND TO GIVE ERHARD "WELCOME" OF ABOUT ONE WEEK. ON THE OTHER HAND, ERHARD'S REPORTED DISSATISFACTION WITH ERHARD'S PUBLIC STANCE SUGGESTS THE NEW CHANCELLOR'S EARLIEST PROBLEMS MAY SPRING FROM WITHIN HIS OWN PARTY.

9. <sup>ITALY</sup> CHANGES HAVE IMPROVED THAT CURRENT SOCIALIST PARTY CONGRESS WILL FAVOR RECONSTITUTING A CENTER-LEFT GOVT. MEANTIME, NEGOTIATIONS WITH CHRISTIAN DEMOCRATIC PARTY ON DISTRIBUTION OF PORTFOLIOS IN SUCH A GOVT ARE UNDERWAY. PROSPECTS ARE THAT ANY CENTER-LEFT

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... JAMES ...

ISSUES THAT MEMBERS WILL HAVE DIFFERENT ... BECAUSE OF THE  
ANTIPATHY OF LEFTWING SOCIALISTS AND DEMOCRATIC ...  
DIVISION OR SOME OF THESE GROUPS MAY SEE FIT TO VOTE THE GOVT  
BY VOTING AGAINST IT ON IMPORTANT LEGISLATION. (COPY)

10. SWITZERLAND: INDICATEDS ARE ... A NEW DE-  
INITIATIVE IN THE DISCUSSION FOR AN EXTENSION OF US AIRBASE RIGHTS  
IN THE AREAS WHICH ... ... THERE IS LITTLE ...  
THE ... ... WILL ... LEVERAGE ...  
... AS LONG AS THEY ... TO MAKE ...  
... ... WILL ...  
... ...

11. FINLAND: PRESIDENT ... HAS ... ACCEPTED THE RE-  
SIGNATURE OF THESE LEFTIST TRADE UNION ...  
LEAVE THE GOVT LAST AUGUST ... THE CAPACITY CRISIS WHICH  
IS ... ...  
... ... WILL NOT BE EASY ...  
THE IMPACT IS ... THE ... MAY HAVE TO ... FOR A GOVT  
... CIVIL SERVANTS. (COPY)

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17) A SETTLEMENT OF DEBTS MAY BE REQUIRED OF THE  
 US AND THE ALGERIANS LAST WEEK TO HAVE SECRETARY  
 GENERAL OF GATT APPOINT A NEUTRAL PANEL TO REVIEW AN ADVISORY  
 PANEL OF THE VALUE OF THE COMMERCE AGREEMENT BY THE TARIFF  
 COMMISSION OF US PARLAMENT WHICH WERE VARIANTS OF 1962 THIS  
 PANEL IS EXPECTED EARLY THIS MONTH. CURRENT FISCAL SETTLEMENT  
 SETTLEMENT WILL NOT ADDRESS THE QUESTION OF WHETHER THE US WILL  
 REOPEN THE GATT OUTLETS FOR OTHER AND OVER LONG IMPORTANT TRADE PRO-  
 DUCTS.// (CONF)

18. ~~XXXXXXXXX~~ ~~XXXXXXXXX~~ ~~XXXXXXXXX~~ ALONG THE ALGERIAN ALGERIAN  
 BORDER, ~~XXXXXXXXX~~ APPARENTLY IS ESTABLISHED HIS THINGS ALONG THE EN-  
 TIRE LAND DISTRICT. DART CLAIMS TO HAVE REFUSED ALGERIAN AT-  
 TACKS ON SMALL OUTPOSTS EAST OF FIDJOUF, BUT HAS MADE NO EFFORT  
 TO ENCAPSULATE THE BORDER POINT AT <sup>9</sup>/<sub>10</sub> THE ~~XXXXXXXXX~~ OF ~~XXXXXXXXX~~  
 THE ALGERIANS, FOR THEIR PART HAVE MOVED SOME OF THEIR HEAVY EQUIP-  
 MENT AND ARMED AND THEIR ~~XXXXXXXXX~~ MIG-16 AIRCRAFT TO THE  
 BORDER AREA, ESPECIALLY IN THE ~~XXXXXXXXX~~ AREA. NOTE COVER-  
 EMENTS ARE PRESSING FOR COVERING ASSIGNMENT, RADAR VISION WESTERN

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SONGHE AND ALGIERS APPARENTLY FROM AFRICAN DEMOCRATIC ATTEMPTS ARE CONTINUED BY OTHER AFRICAN COUNTRIES. SO FAR AS FAR FORTIFIED OVER MOROCCO'S REFUSAL TO EVACUATE TWO SOUTHERN BORDER POSTS TAKEN LAST YEAR, AS BEN BELLA DEMANDS.

MOROCCO'S PRESIDENT HASAUNES DECLARED A STATE OF EMERGENCY FOR THE CITY OF MARRAKECH ON 20 OCTOBER AND NAMED A THREE MAN COMMITTEE UNDER DEPUTY MINISTER AGAY TO HELP BRING NEAR MARTIAL LAW. HASAUNES AGAY IS STILL IN OFFICE, BUT THE EMERGENCY COMMITTEE IS MAKING THE DECISIONS WITH THE BACKING OF ARMY GEN. MOUSTO. THE COMMITTEE IS FACING HEAVY LATER DISCUSSION AS LATER LEADERS HAVE REJECTED ITS ESTABLISHMENT. A CIVIL SERVICE STRIKE BEGAN ON 22 OCTOBER AND STRIKING TEACHERS HAVE FORCED AGAY'S EFFORTS TO RETURN TO WORK. LEFTIST EXTREMISTS ARE CONTINUING THEIR EFFORTS TO GAIN POWER. THEY APPARENTLY HAVE SUCCEEDED IN DISAFFECTING SOME OF MOUSTO'S ELITE PARACOMMANDOS AND SEVERAL OF THEM ARE IN ORAZZA VILLE TALKING OF SETTING UP A GOVERNMENT IN MARRAKECH.

15. SOUTH AFRICA: FOLLOWING JONAS LEAKE FOR CING-LEI'S NARROW VICTORY IN THE 15 OCTOBER PRESIDENTIAL ELECTIONS THE REGIME IS PREPARING TO BRING A PARLIAMETARY ASSEMBLY IN THE 26 NOVEMBER.

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... CHIEF KIM CHONG PIL BACK FROM AN 8-DAY ...  
... BECAUSE OF THE ...  
... WITHIN THE REGIME AS WELL AS ...  
... THE ...  
... ORDER TO ...  
... RULE ...  
... THE ...  
... VOTE APPARENTLY REFLECTS THIS ...  
... AND SENIOR OFFICERS ...  
... ONLY FOR ...  
... (CONT)

10. SOUTH VIETNAM: THE ANNIVERSARY OF SOUTH VIETNAM'S NATIONAL DAY ON 26 OCTOBER AND THE PRESENCE OF SUPERIOR FOREIGN ...  
... TO ...  
... WHICH HAS TAKEN STEPS TO PROMOTE APPEARANCE OF HARMONY IN BUDDHIST ...  
... TO ...

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PAGE EIGHT

THEIR CHIEF PRESIDENT DIEN BINH DIEN AND THE COMMUNIST PARTY TO  
SHOW THEY ARE PREPARED TO RISK SUBSTANTIAL HARDSHIPS AND ECONOMIC  
AID RATHER THAN GO TO PRESSURE FOR POLITICAL REFORMS. THEY HAVE  
APPARENTLY BEGUN TO EXPLORE ALTERNATIVE COURSES OF ACTION AND MAY  
USE THE CURRENT SAIGON MEETING OF THE SOUTH PEOPLE'S FRONT COMMUNIST  
LEAGUE, A NON-GOVERNMENTAL INTERNATIONAL GROUP AS A FORUM FOR COM-  
PLAINTS AGAINST THE US. THE RECENT ECONOMIC STABILIZATION PLAN HAS  
NO DISCERNIBLE EFFECT ON THE MILITARY EFFORT AGAINST THE VIET CONG.  
17. LAOS: NEUTRALIST LEADERS IN VIENTIANE ARE TRYING TO FORESTALL  
A RENEWAL OF INTER-FACCTIONAL FIGHTING BY REVIVING THE TRI-PARTITE  
COALITION GOVERNMENT WHICH WAS ABANDONED IN 1960. AFTER THE TWO  
DAILY LAO MINISTERS VISITED LAST APRIL, MINISTER OF INTERIOR  
PHONG PHONGVANN, THE RANKING NEUTRALIST DURING PHOUKHOUA SOUVANNA'S  
CURRENT VISIT TO LAOS AND PHONGVANN, SAID HE HAD BEEN ADVISED  
FOR SOUVANNA TO MEET WITH DAILY LAO CHIEF PHOUKHOUA SOUVANNA  
WHEN THE FRONTIER RETURNED ABOUT 6 NOVEMBER. PHONGVANN HAS  
REMOVED COMMAND OF THE NEUTRALIST FORCES ON THE FRONTIERS FROM  
FOLLOWING HIS RETURN FROM AN EXTENDED VISIT TO THE US. GENERAL  
PHONGVANN HAS BECOME COORDINATOR OF THE LAOS LAO IN THE NEUTRALIST MILITARY  
RELATIONS OFFICE.

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HIERARCHY, AND WILL WATCH AFFAIRS IN THE CAPITAL IS CONSIDERED TO BE THE PREMIER'S OFFICIAL MILITARY CABINET. KONG LE SAYS THE RUSSIANS OFFERED MUNITIONS SUPPORT TO HIS FORCES, BUT ATTACKED CONDITIONS THEY KNEW WERE PROBABLY INEVITABLE.

18. EGYPT: EGYPT'S PETROLEUM INDUSTRY IS ON THE VERGE OF BECOMING SELF-SUFFICIENT AT A TIME WHEN THE GOVERNMENT IS ENCOURAGING PARTICIPATION BY WESTERN INTERESTS. SOVIET-FINANCED REFINERIES AND CONSTRUCTION UNDER A 1958 AGREEMENT ARE NEARLY COMPLETE. TWO YEARS OF DO-IT-YOURSELF HIGH COST EXPLORATION AND REFINERIES IN THE FACE OF A WORLD CRISIS HAVE PRODUCED A CHANGE IN CAIRO'S ATTITUDE, AND IN MID 1963 EXPLORATION WAS RESUMED FOR A NUMBER OF NATIONALIZED ENTERPRISES. THE ITALIAN STATE-OWNED ENI AGENCY, THE ONLY IMPORTANT WESTERN PRESENCE DURING THE LAST TWO YEARS, WILL SOON START TO REPLACE TWO NEW TRACTS UNDER TERMS OF A CONCESSION FORMALIZED IN MID-SEPTEMBER, AND LATER THIS YEAR MAKE A SIMILAR DEAL FOR EXPLORATION IN THE WESTERN DESERT WAS CONCLUDED WITH PHILIPS PETROLEUM. (CONT)

19. GREECE: IN THE CAMPAIGN FOR THE 3 NOVEMBER PARLIAMENTARY ELECTIONS A CLOSE STRUGGLE IS DEVELOPING BETWEEN FORMER PREMIER KARAMANLIS' CONSERVATIVE NATIONAL RADIANT UNION AND THE LEFT

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NON-COMMUNIST OPPOSITION GROUP, THE CENTER UNION. KARAMELIS APPEARS TO BE ADOPTING LESS BIPHASE THAN PREVIOUSLY, AND AFTER SIX YEARS IN OFFICE IS SUFFERING FROM THE "TIE FOR A CHANGE" PSYCHOLOGY. THE CENTER UNION IS FEATURING A STRONG APPEAL TO GREEK NATIONALISM AND PARTY LEADER PAPAIOANNOU HAS ACCUSED KARAMELIS OF "SURRENDERING TO FOREIGNERS" IN REFERENCE TO HIS CLOSE TIES WITH THE UNITED STATES. PAPAIOANNOU HOPES TO SEE GAIN SEVERAL SEATS TO MAKE KARAMELIS A WORKING CAPABILITY. THE COMMUNIST-DOMINATED UNITED DEMOCRATIC LEFT, THE THIRD LARGEST PARTY, HAS FAILED TO FORM A REGULAR FRONT BUT HAS TRENDED ITS EFFORTS TO THE CENTER UNION IN THESE PLACES IN THE HOPE OF OVERTHROWING KARAMELIS. (CONT)

END OF MESSAGE

*James H. ...*

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