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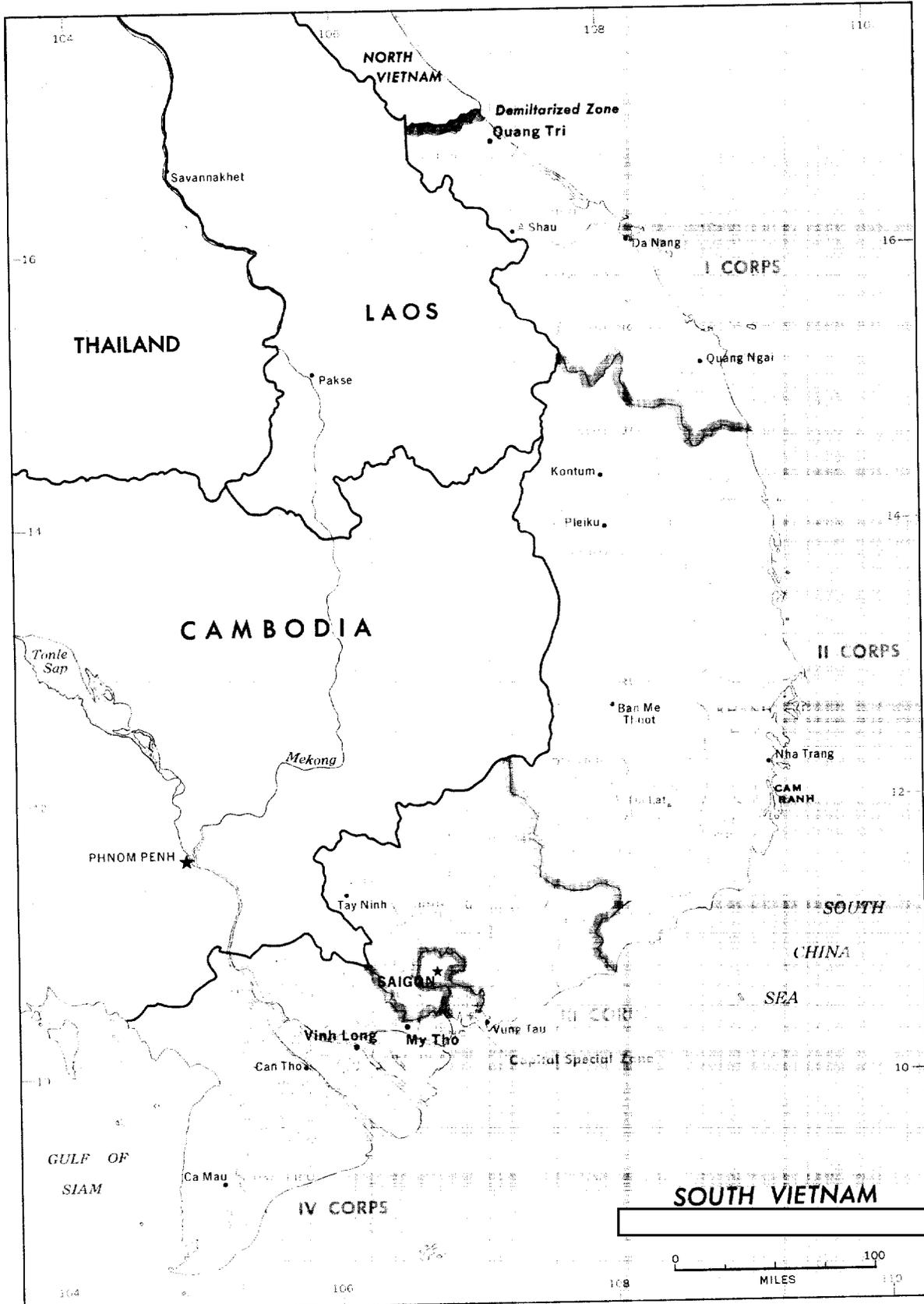
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[Vietnam:

South Vietnam: Ground action remained generally light over the weekend, but the Communists launched mortar attacks against three provincial capitals after the US bombing halt took effect.

The attack against Quang Tri city on the night of 1-2 November was relatively light, wounding one South Vietnamese soldier. My Tho city, in the delta, received 40 mortar rounds on the night of 2-3 November; four South Vietnamese were killed and 36 wounded. There were no casualties in Vinh Long city, which was hit by eight rounds on the same night. Light mortar attacks also hit three delta district towns.

There has been no report of North Vietnamese firing in the Demilitarized Zone area since the bombing halt.

* * * *

The emotion-charged atmosphere in Saigon following President Thieu's 2 November speech on the bombing halt and on the prospect of expanded talks seems to have given way to calmer discussions.

After the speech, a number of officials and other leaders aimed their fire at the US, and the Upper House of the National Assembly adopted by acclamation a communiqué calling the bombing halt "an act of betrayal." By 3 November, the house was taking a more sober approach, and had established a committee to study specific ways to support Thieu's policy to "strengthen the nation." There still appeared to be a consensus among the senators, however, that the US had broken a solemn commitment and that US abandonment of South Vietnam is a real possibility.]

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[As of 3 November, Thieu was still reaping acclaim for standing up to the Americans. Praising Thieu's speech, one newspaper said that it "marked the confirmation...of President Thieu as a national leader."

North Vietnam: The Communists are moving to exploit the opportunities presented by Saigon's refusal to go to Paris. Saigon's move was a windfall, and it doubtless has strengthened Hanoi's conviction that the talks can be used to expose US - South Vietnamese political differences.

All Vietnamese Communist statements are now calling the bombing halt "unconditional," although the first version of Hanoi's statement on 2 November failed to use this language. The change probably was aimed partly at aggravating differences between Saigon and Washington.

The Communist treatment of the proposed four-party talks in Paris focuses on the status conferred on the Liberation Front and the tremors created in Saigon. Xuan Thuy took pains to emphasize in Paris on 2 November that four "independent delegations" would take part in the talks, and an editorial in the Hanoi party press stresses that the Front will be there with "complete independence and equality."

The North Vietnamese have soft pedaled the continuation of US aerial reconnaissance and do not now seem inclined to use the issue to paralyze the talks.

The Liberation Front has put forth a new five-point negotiating position in a statement broadcast on 3 November. It revives parts of the Front program of August 1967 and will probably serve as openers in Paris.]

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[In Moscow's first authoritative comment on developments, an official statement of 2 November said that "the Soviet Government regards the understanding in Paris as an important success along the road of a peace settlement in Vietnam." The release postulates that the US must take a "realistic and serious approach" to the positions of the North Vietnamese Government and the Liberation Front in order to make progress at the forthcoming talks, but advances no views on what future steps may be taken by either side, obviously deferring to future events in Paris.



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Czechoslovakia: Dubcek is faced with growing dissension within the Czechoslovak Communist Party.

Party presidium members reportedly disagree over the formulations contained in a document being prepared on domestic and foreign policy. They are also said to be arguing over the validity of some major parts of Dubcek's liberal Action Program, and on fixing responsibility for the "mistakes" made after Dubcek took over last January.

Conservative leaders are attempting to force Dubcek to implement all of Moscow's demands and to abandon those reforms that conflict with Soviet objectives. The progressives, on the other hand, are seeking to keep intact as many reforms as possible. There are differences of opinion among the liberals, however, on how far Prague should go in sacrificing Dubcek's program in order to satisfy the Soviets. These disputes could force party officials to postpone a central committee plenum tentatively set for mid-November.

The conservatives, meanwhile, are meeting more openly to prepare for celebrations on 7 November commemorating the Bolshevik revolution and the beginning of Soviet-Czechoslovak friendship month. Several new splinter groups and publications are now promoting the cause of the hard liners. Some liberal elements within the party are already criticizing Dubcek for allowing the conservatives to organize and, subsequently, for his failure to take measures to curb their drive for power.

Moscow may well be hoping that the combination of the dissension within the Czechoslovak leadership and an increase in conservative strength will eventually result in Dubcek's ouster and the installation of a pro-Soviet conservative leadership.

[REDACTED]

Israel - Arab States: There have been additional incidents along the Arab-Israeli frontiers, and Arab civilian opposition in Israeli-occupied Jordan has intensified.

The Arab protest strike on the West Bank on 2 November--the anniversary of the Balfour Agreement--was almost 100-percent effective in most towns. No major violence occurred, but the Israeli authorities have threatened to take steps against striking merchants.

Anti-Israeli demonstrations also took place in other parts of the Arab world on the occasion. Saturday's attack on the US Embassy in Amman, which was also tied to the Balfour Day anniversary, further demonstrated the ability of the fedayeen to operate freely in urban areas of Jordan. A radiobroadcast sponsored by the Fatah commando organization has called on "every Arab man, woman, old man, and child" to turn into a fighter.

Meanwhile, the level of border incidents remains high. On the evening of 2 November, terrorists shelled the Israeli port of Elat from inside Jordanian territory, wounding three civilians. Earlier the same day, two Israeli soldiers were killed in artillery exchanges in the northern Jordan River valley area and in the Golan heights. On the evening of 1 November, Israeli forces clashed with terrorists on the Golan heights.

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Communist China: Peking is starting to make arrangements for its 1969 wheat imports.

Negotiation of a new Sino-French wheat agreement now is under way in Peking. According to the French commercial attaché in Peking, China probably will purchase the same amount of wheat from France in 1969 as in 1968. Deliveries this year, which were completed in October, amounted to almost 600,000 tons.

Canadian wheat deliveries to China also were scheduled to be completed last month and negotiation of a new wheat agreement between the two countries is expected to begin soon. Wheat negotiations between China and Australia, suspended in August when price difficulties arose, may be resumed. Although Australia has not had any official word from Peking, an official from the Australian Trade Commission gathers that "something may be in the wind."

China imported some 3.6 million tons of wheat this year, 600,000 tons less than were imported in 1967.

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Argentina: The oilworker's strike has spread to the point that it could lead to a deterioration in relations between trade unions and the government.

The 5,000-man Comodoro Rivadavia union struck on 28 October in sympathy with La Plata oilworkers who have been protesting since 25 September over a lengthening of their workday. Over 1,000 strikers demonstrated on 29 October against government occupation of their union headquarters.

President Ongania has not yet chosen to bring the oilworkers under military discipline and control, but he could do so at any time. Even if he decides against mobilization, the formerly apathetic Argentine labor movement may have been stirred up sufficiently to cause problems for the administration's economic reform programs.

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NOTE

USSR-Indonesia: Moscow is threatening to postpone indefinitely the scheduled visit of a Soviet economic delegation because of Indonesia's execution of Indonesian Communist leaders. The delegation was to have reviewed the over-all Soviet aid program and to have discussed a further rescheduling of Indonesia's large debt. Moscow may continue to supply military spare parts and technicians on a cash basis in order to preserve some presence in Indonesia. [REDACTED]

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