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Lebanon: The focus of political activity has shifted to Cairo as the fedayeen continue to apply pressure in Lebanon.

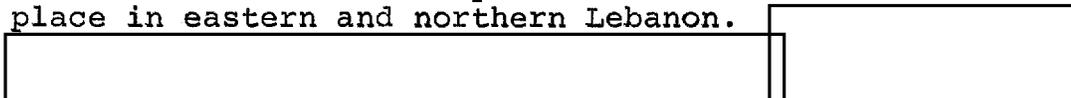
Lebanese Armed Forces Commander Bustani is in the Egyptian capital for "mediation" talks under the auspices of Egyptian President Nasir. Bustani seems unlikely to return to Beirut with much lasting comfort for Lebanese President Hilu in his struggle with the fedayeen. Bustani is personally not very forceful, and the fedayeen are likely to gain increased freedom of action.

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Meanwhile, sporadic incidents of shooting and bomb throwing occurred in Beirut yesterday. Clashes between Lebanese security forces and commandos took place in eastern and northern Lebanon.

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USSR-Czechoslovakia: Moscow sent the visiting Czechoslovak party-state delegation home yesterday with a ringing verbal endorsement of party chief Husak's leadership, but apparently little else.

The joint statement issued at the departure of the delegation indicates that the Soviets do not intend to give up the carrot and stick tactics that have been so effective in Czechoslovakia, despite their satisfaction with the trend of events in Prague. The statement mentioned neither a significant hard-currency loan nor a partial withdrawal of troops. The Czechoslovaks had hoped that Moscow would be prepared to be more forthcoming on these matters as a reward for the authoritarian controls which have been reimposed in Prague.

The most tangible result of the visit was an agreement to expand trade and economic cooperation and to sign a new treaty of friendship and alliance next year. The Soviets again agreed to increase deliveries of some industrial raw materials, and to "assist" Prague in purchasing other unspecified goods in foreign markets.

These appear to be only stop-gap measures. The friendship treaty will probably serve as window dressing for the new shape of Soviet-Czechoslovak relations.

Nevertheless, the red-carpet treatment which the delegation received and Brezhnev's glowing endorsement of Husak's leadership on Monday are indicative of Soviet satisfaction with his policies. Brezhnev endorsed Husak as "an outstanding political figure," indicating that the Soviets are prepared to continue to work with the present leadership in Prague.

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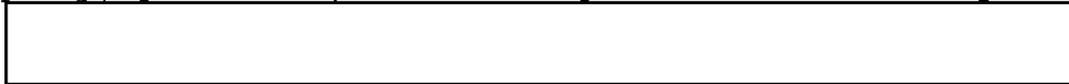
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Brezhnev's reference to the "legitimate aspirations" of the post-Novotny Dubcek leadership in January 1968 may mean that Husak will be allowed to reintroduce some reforms once party controls and supremacy have been completely restored. Husak noted, however, that "normalization" has not been completed. This means that new domestic restrictions in Czechoslovakia and further purges of the party, government, and mass organizations are likely.



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West Germany: In his official policy statement yesterday, Chancellor Brandt mapped out a broad activist course in foreign affairs, although one that carefully avoids radical departures from already established policy lines.

Brandt's scattergun approach provided few clues to priorities among the diverse policies he outlined, suggesting that Bonn will press them all and be satisfied to make progress where it can. Nor did he indicate which way Germany might move if forced to face up to hard choices among the potentially conflicting strains.

Brandt placed special emphasis on pumping new life into Bonn's relations with the East. He would initiate direct talks with the USSR, Poland, and East Germany, and would have the Western Allies--the US, UK, and France--continue to seek Soviet cooperation in alleviating sources of tension over Berlin.

While avoiding specifics, Brandt seemed to imply that his government would be more flexible in meeting Eastern demands. As a starter, he alluded to the concept of two German states existing in one nation, a thought alien to West German conservatives who have perennially denied the legitimacy of East Germany.

Paying tribute to his nation's close ties with the US, the Chancellor nonetheless spoke out for "a more independent German policy within a more active partnership." When he stated in effect that Bonn would emphasize the primacy of its own goals, Brandt was echoing pronouncements first enunciated by former Chancellor Kiesinger.

Brandt indicated that his government, while continuing its allegiance to NATO, would take a

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[more positive attitude than previous Bonn governments toward detente measures. Bonn's special contribution in this line would include negotiation of renunciation of force agreements with East European governments and signature of the NPT in due course. Hewing to a cautious line on the European Community, Brandt called for its strengthening and broadening. Although he endorsed British entry, he also spoke of the need for German-French harmony.

Negative outbursts from the opposition Christian Democrats suggests that the Brandt foreign policy may face tough going in the Bundestag. It also suggests Kiesinger may have difficulty maintaining the discipline required to fulfill the responsible opposition role he has promised. [redacted]

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Communist China - West Germany: The release of several West German technicians reflects Peking's desire to get China's largest petrochemical complex at Lan-chou into operation.

The four technicians who had been detained for over a year, had been working on the \$45 million petrochemical complex being built by the West German firm Lurgi and two British firms. Peking expelled other free world personnel working on the project in mid-1968.

Peking has been negotiating with the West Germans to bring in technicians to start production on the Lurgi-built facilities, which are the key plants in the Lan-chou complex. They embody some of the most advanced petrochemical processes available in the free world, and Chinese capabilities for bringing the complex into full operation are limited. The output of the complex at full capacity will increase Chinese production of plastics by about one third and almost double the output of synthetic fibers. Delays in completion of the complex have cost the Chinese an estimated \$30 million per year.

Although Lurgi probably now may be willing to send a technical team to Lan-chou, it could have difficulty in recruiting technicians, particularly among subcontractors. West German unions have said that they would not allow any of their members to return to China unless some guarantee were made for their safety.

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South Vietnam: Communist agents in provincial towns continue subversive activities despite relatively effective government security operations.

25X1 [redacted] the Communist "city operations" groups established in two towns of Ba Xuyen Province had a network of some 200 informers out of a total population of 6,000. The subversive operations are aimed at eliciting information from South Vietnamese civil servants and military personnel, and recruiting them into the apparatus.

The members of the "city operations" group also collect taxes for the Communists in these government-controlled towns. Major targets of this extortion racket are Chinese merchants who are threatened physically and later with disclosure to the government once they have started paying.

Communist subversive operations in urban areas are widespread, but their success has been spotty; government security agencies have uncovered numerous enemy agents in many large towns. Nevertheless, the size of the Communists' apparatus indicates it will take a far greater effort to eliminate this type of subversion.

[redacted]

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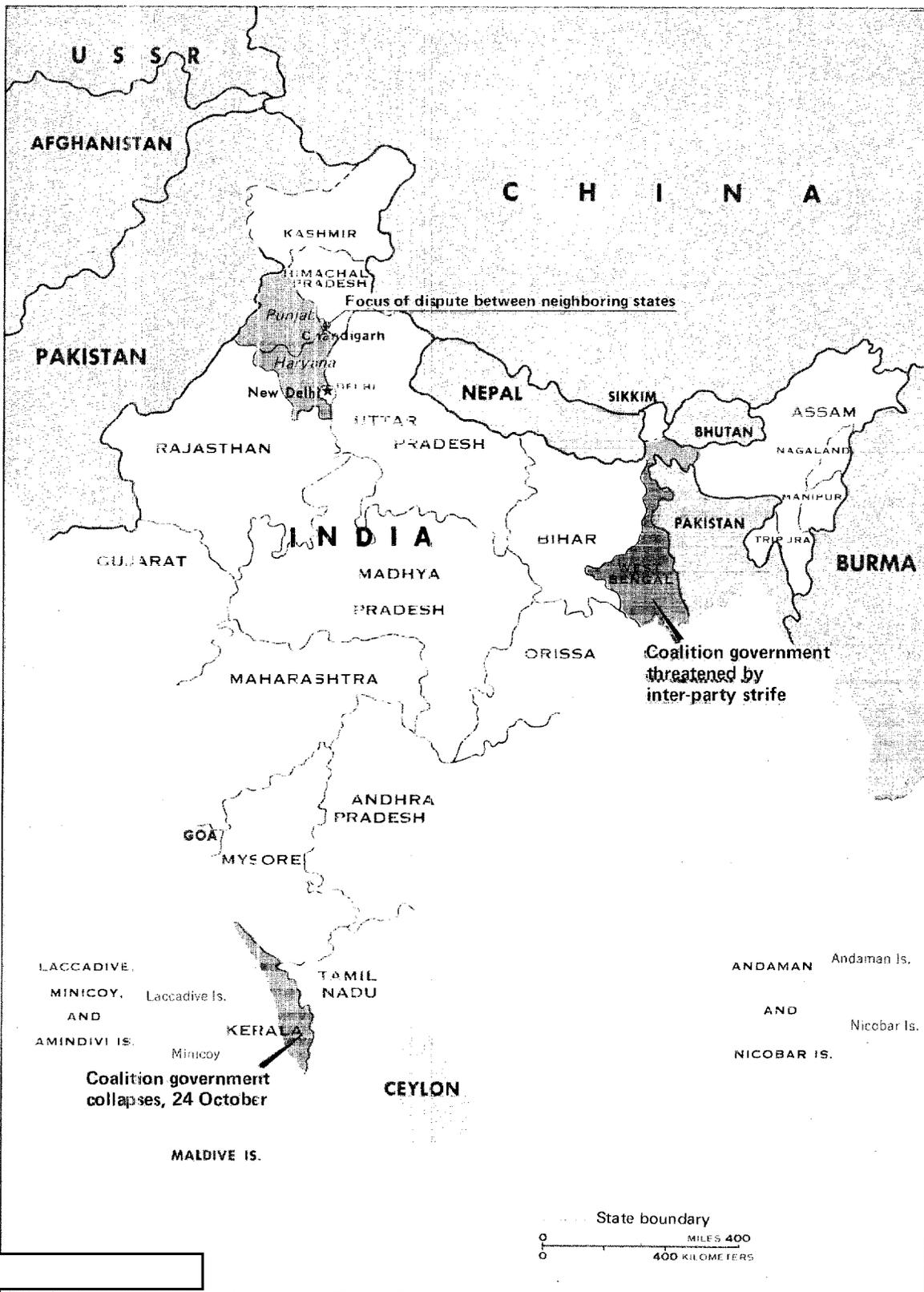
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India: Inter-party strife is increasing, and some civil disorder is anticipated in the Punjab area.

Conflict among the 14 parties in West Bengal's ruling coalition is a growing threat to the government. The two national Communist parties are part of the coalition, but the far-left Marxist Communists have been trying to use their dominant position to extend their control in the state. Tensions resulting from this effort have led to violent clashes with the supporters of their coalition partners, and the Marxists are coming under bitter attack.

Some anti-Marxists, however, fear that they would not survive a new election and most are aware that they would have great difficulty forming a new coalition. They would probably prefer to force concessions from the Marxists rather than topple the government. Options are narrowing, however, as the security situation deteriorates, and the warring coalition partners become increasingly unable to govern. The collapse last week of India's only other Marxist-led state government--in Kerala--may give the anti-Marxist forces the example they need to join ranks in bringing down the coalition.

Adding to New Delhi's problems is the situation in northern India, where security forces are preparing for civil disorder and violent clashes between Sikhs in Punjab and Hindus in neighboring Haryana following the death on Monday of a Sikh leader after a 74-day fast. The Sikh began the fast in an attempt to force New Delhi to grant to Punjab State the city of Chandigarh, the status of which has been under dispute since 1966 when Haryana State was separated from the Punjab. Talks are now being held, but the Punjabis insist on sole possession, and they have been unwilling to give sufficient compensation to satisfy Haryana.

(Map)

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Bolivia: Military discontent is growing over the increasing influence of the radical civilians in the cabinet.

Foreign Minister General Ruiz has told the US Ambassador that he and his military colleagues oppose the efforts of civilian cabinet officers to cause strains in Bolivia's relations with the US. He added that the military would not tolerate being used in this manner any longer. According to General Ruiz, President Ovando has decided to exclude the leader of the civilian radicals, Minister of Mines Quiroga, from any further dealings with Gulf Oil Company and will handle future negotiations himself.

President Ovando is expected to travel to Cochabamba in the next few days to try to placate middle-grade army officers who have openly expressed their dissatisfaction with the nationalization of Bolivian Gulf and are calling for Quiroga's dismissal. Quiroga has built a large personal following with his demagogic anti-US statements, however, and Ovando would be hesitant to remove him unless military opposition seriously threatened his own position. Ovando may even have difficulty in silencing the minister on the Gulf issue.

[REDACTED]

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Tanzania - Zambia - Communist China: Final details of the Tan-Zam railroad project may be approved in early November.

If approval is given by Tanzanian, Zambian, and Chinese Communist officials, construction might begin next April. Contracts for the railroad's rolling stock also may be officially awarded to China at the November meeting, according to domestic Zambian Radio. If the cost of the rolling stock is included, the total Chinese loan to Zambia and Tanzania might be about \$360 million.

The Tanzanian Government reportedly has decided to use its own resources to finance half of the local costs for the Tan-Zam railroad. The other half is to come from the sale of Chinese Communist goods furnished under a commodity credit arrangement. Local costs in Tanzania, which are expected to total about \$12 million annually over a five-year period, are believed to include the living expenses of Chinese technicians, salaries of local workers, purchases of building materials, freight, and miscellaneous charges.

Previous Tanzanian budget estimates envisioned two-thirds financing from the sale of Chinese goods, while newspaper reports indicated that all local costs would be defrayed with the sale proceeds. The government move apparently was prompted by insufficient local demand for the Chinese commodities as well as fear of increased competition for infant Tanzanian industries. Despite these measures, financing of local costs may still present difficulties. Details of how Zambia plans to resolve this problem are not yet known.

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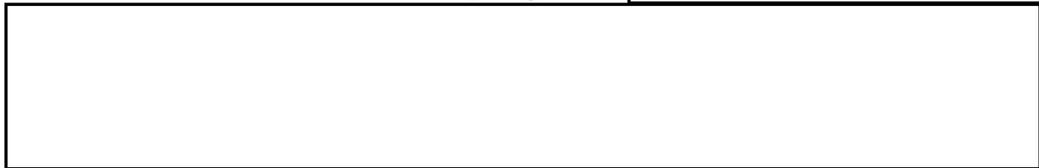
Burundi: President Micombero's position appears to have been seriously weakened by recent developments.

Last month, the Tutsi-dominated government exposed what it said was coup plotting among members of the majority Hutu tribe. This has made Micombero vulnerable to charges from extremist Tutsis that his policy of reconciliation toward the Hutu is a failure.

Moreover, increasing Hutu unrest in the countryside recently prompted Micombero to make an extensive tour of the interior. During the trip, he tried to enlist the support of church leaders to restore calm among the people. [REDACTED]

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Micombero's troubles have been compounded by Foreign Minister Ntawurishira. The foreign minister, who apparently enjoys the backing of anti-Micombero elements in the government, has persisted in publicly denouncing the Belgian ambassador for alleged complicity in the Hutu coup plot. Micombero has publicly retracted the charge to placate the Belgians and to retain their all-important aid, but he has failed to carry out his threat to take punitive action against Ntawurishira. The extremist Tutsis who support the foreign minister will see Micombero's failure to act as a further indication of weakness.

Micombero has been able to rely on the support of the key Tutsi army officers who helped bring him to power. The present deterioration in his position, however, could lead them to lose their confidence in him and look for a replacement. Extremist Tutsis in the government may encourage them to take just such a step. [REDACTED]

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USSR-SALT: Several Soviet Foreign Ministry officials have indicated that Moscow is having a difficult time deciding who will head its delegation to the strategic arms limitation talks (SALT) according to the US Embassy. First Deputy Foreign Minister Kuznetsov had been considered the most likely chief, but he is presently engaged in the talks in Peking. There is speculation that the choice may be Deputy Foreign Minister Semenov who has been involved in bilateral discussions with the US regarding a political settlement in the Middle East. Meanwhile, the Moscow press has carried only brief statements on the opening of SALT, without editorial comment.

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USSR: The Soviets are assembling the world's most powerful laser

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[Redacted] Because of the size and complexity of the apparatus and the extremely short duration of the energy burst, the Soviet laser has no weapon systems application, although the experience of building such a high energy laser may add to Soviet research on military lasers. The device is designed for research in controlled thermo-nuclear reactions--a possible future source of electrical power--and is expected to be in operation by January 1970. It will produce short bursts of energy at power levels 10 to 100 times higher than those of a US laser which was publicly announced earlier this year and was thought to be the most powerful in the world.

[Redacted]

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Albania: Tirana's interest in having "normal" relations with "all neighboring states, irrespective of ideological and social order differences," was cited by Premier Mehmet Shehu during his speech marking the 25th anniversary of the first Communist regime in Albania. Shehu's remarks appear for the first time to include Greece and Bulgaria and are clearly intended to improve relations further with Yugoslavia and Italy. Tirana has no diplomatic ties with Greece, and Bulgaria only exchanges a commercial representative with Albania. Italian-Albanian relations are already relatively good. Last April Tirana set aside polemics--at least temporarily--with arch-enemy Yugoslavia, and declared that Belgrade, along with Tirana and Bucharest, had a common cause in the threat all three face from the Soviet Union.

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