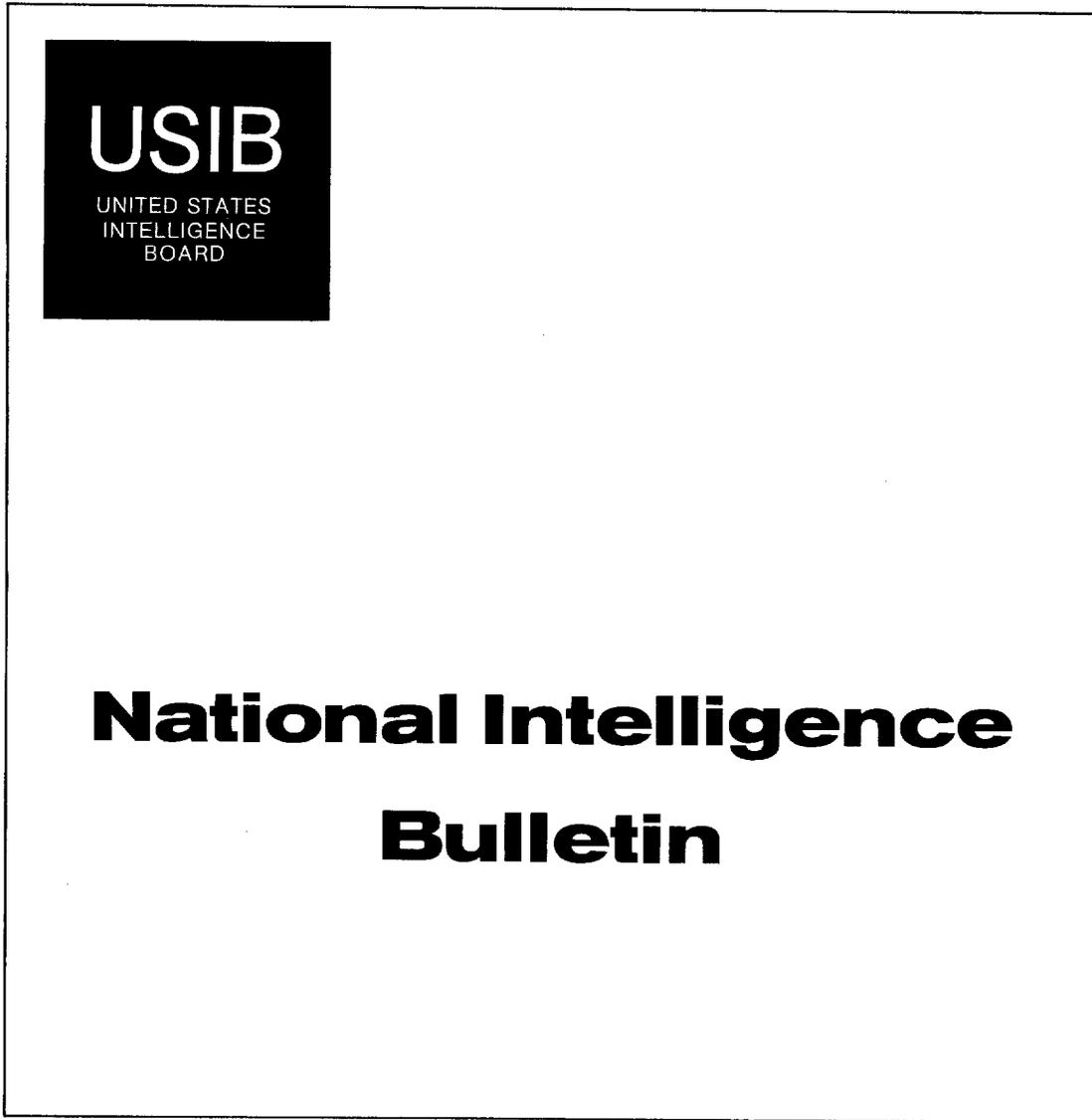


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ETHIOPIA

The Ethiopians have taken the removal of Emperor Haile Selassie quietly. So far, the military's take-over has triggered no disorders either in the major cities or the countryside, once Haile Selassie's stronghold.

General Aman, Ethiopia's leading military figure, has emerged as head of the provisional government; he is now Prime Minister as well as minister of defense. General Aman is in his early fifties and is popular in the military. He will probably retain the post of chief of staff. He is believed to have been working with moderate members of the Armed Forces Coordinating Committee.

US Chargé Wyman was summoned to Aman's office late yesterday to receive the general's personal assurance that "the armed forces desire to maintain a strong and friendly relationship with the US." Aman also said that Haile Selassie is in good health and that the present curfew is not expected to last very long.

The new military government says it will rule until a popularly approved constitution comes into effect. The military, however, gave no timetable for a return to barracks. A new constitution is to be drafted, and free speech, land reform, separation of church and state, and a democratically elected civilian government are to be written into it. A special military tribunal is to be set up to try former and present government officials charged with corruption and abuse of power. Its findings cannot be appealed.

The committee was the moving force behind the Emperor's removal. It is made up of some 100 middle-grade officers and enlisted men from all the armed forces and the police. It has dominated the political scene in Ethiopia for months.

The military is still pressing Haile Selassie to yield money he is believed to have banked overseas. He has thus far refused, saying that he has already given

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the bulk of his fortune to his children and grandchildren. If Haile Selassie continues to resist, the military may bring him to trial. If he yields the money, they may let him go into exile.

The committee has stated that Haile Selassie's sickly son, 57-year-old Crown Prince Asfa Wossen, would be a "figurehead" and would carry the title of "King," rather than emperor. The Crown Prince, who has been in Europe since early 1973, has been slowly recovering from a stroke that left him incapacitated. The Crown Prince was unassertive even before he became ill, and he would be easily manipulated by the committee.

Should the military be unable to get Asfa Wossen or someone else to become monarch, they may switch to a republic with General Aman as Ethiopia's first president.

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YUGOSLAVIA-USSR

Tito confirmed in a speech yesterday that a small group of pro-Soviet "cominformists" has been put on trial for anti-party activity. His description of the plotters as Stalinists supported from abroad will lead almost all Yugoslavs to believe that Moscow has been meddling in Yugoslav internal affairs.

Tito left no doubt that the results of the current trials will be published, even at the risk of embarrassing the Soviets. He demanded that the group be condemned as an example to all who are tempted to engage in factionalism.

Tito's speech marks the first time in several years that he has publicly stressed the threat of subversion from the USSR. Indeed, he has worked with Brezhnev since 1971 to bury the legacy of suspicion and mistrust stemming from the break with Stalin. Only last April, he defended his rapprochement with Moscow by flatly rejecting rumors of any threat from the East.

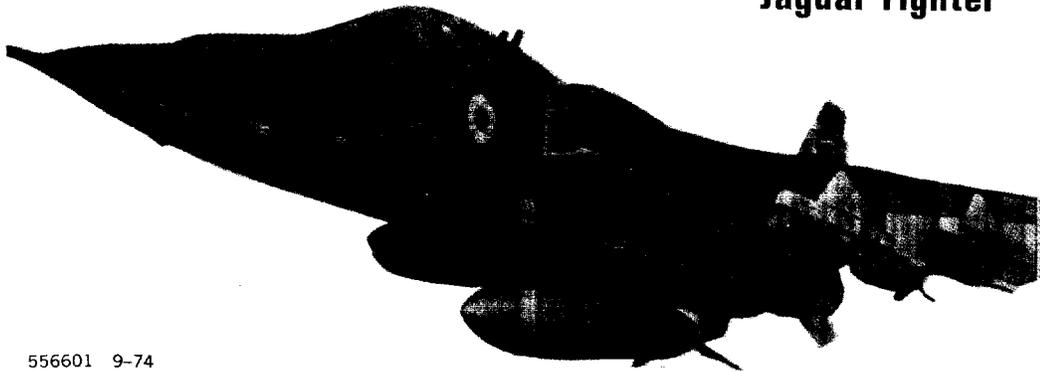
Tito's outburst probably was based in part on Edvard Kardelj's private report concerning his recent trip to the USSR. Kardelj, who is one of Tito's closest confidants, returned Tuesday from talks with Soviet leaders, including Brezhnev. Kardelj's report--still held under tight secrecy--probably played a key role in Tito's decision to publicize the case against the Stalinists and, by inference, against the Kremlin.

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Jaguar Fighter



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OMAN-UK

Oman has ordered 12 Jaguar tactical fighter aircraft and 28 Rapier surface-to-air missile units from the UK at a cost of about \$200 million. The Jaguar sale to Oman is the first outside the Anglo-French consortium that designed and financed development of the aircraft.

Jaguar deliveries will be spread out over two and one half years. When completed, Oman's fighter inventory--now only 16 old combat aircraft--will be upgraded significantly. No time frame was given for Rapier deliveries.

The acquisition of these weapon systems is intended to bolster Oman's capabilities against South Yemen, Oman's principal external threat and backer of the Dhofar insurrection.

25X1 [redacted] the Omani need for the sophisticated air defense system is highly debatable. Omani Sultan Qabus' decision to make the purchase may slow down the country's civil development plan. In August, the Omani government produced a revised 1974 budget that projects a \$26-million deficit, largely because of increased defense spending--presumably the Jaguars and the Rapier system. The original 1974 budget projected a surplus of nearly \$61 million.

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USSR-CYPRUS

The USSR is continuing to try to establish a more active role for itself in the Greek-Turkish imbroglio over Cyprus.

25X1 A delegation headed by Deputy Foreign Minister Ilichev arrived in Ankara on Wednesday; it is scheduled to go on to Nicosia and Athens.

Moscow may, in fact, want to take soundings on Turkish, Greek, and Cypriot attitudes toward discussion of Cyprus at the UN General Assembly session opening later this month.

25X1 In Athens, the Soviets are embarked on a broad diplomatic effort to convince the Greeks that they have nothing to fear from the USSR if they sever ties with the West.

A Soviet Foreign Ministry official in Moscow has urged the Greeks to make an official statement reaffirming the independence of Cyprus and rejecting any form of annexation. The official's statement that this would "influence and neutralize" Ankara suggests that Moscow is seeking leverage to forestall Turkish partition of the island.

25X1 Despite [redacted] overtures to Athens and the increasingly pro-Greek tenor of Soviet public comments on the Cyprus situation, the Soviets are still refraining from criticism of the Turks. The Soviets are treating Ankara's negative position on their proposal for an international conference on Cyprus with kid gloves

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PORTUGAL

The Portuguese political stage, already jammed with a plethora of political parties, will soon gain another right-wing coalition.

The coalition will include five small rightist parties and will be supported by 300 prominent conservatives, including 20 retired flag-level military officers. It will be led by General Deslandes, the former chief of staff under the Caetano regime. One of the coalition's principal organizers told the US embassy that the formation of the coalition will be announced in a week.

It is the second right-wing alliance to emerge in a month. The sudden surge of organization activity on the right probably is related to the need to establish bona fide political parties before the electoral law is promulgated in early November.

No real effort had been made by the right to organize earlier because opposition to the virtually monolithic left during the provisional government's first months was impossible. However, subsequent events have influenced political sentiment in Portugal to such a degree that the right now legitimately represents conservative attitudes. For example, the loss of Mozambique and Guinea offended many Portuguese who had traditional ties and interests in the overseas territories. Conservatives resent the hard and fast push by the left to give independence to those two colonies and the consequent diminution of the Portuguese empire.

The leftist Coordinating Committee of the Armed Forces Movement has lost power while President Spínola has registered a corresponding gain. In his speech two days ago, Spínola pledged the use of all his constitutional powers in defense of democratic processes in a veiled attack on the legitimacy of the Armed Forces Movement Committee. The right has tried to profit by filling the partial vacuum created by such attacks on leftist extremism.



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The new alliance will concentrate on winning the rural north with its conservative farmers, but will meet stiff competition from the other recently formed right-wing coalition. Both alliances will be hampered in gaining popular support by their lack of nationally known leaders.



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ARGENTINA

The government freeze on wages and prices is being strongly challenged by workers in a number of industries and some business sectors. Strikes and work slowdowns are spreading throughout Argentina as labor groups, many of them left-wing, seek to enforce their demands for wage increases. The resulting political and economic fallout could cause a serious setback for President Peron's government.

Strikes now involve automobile workers, printers, newsmen, highway and railroad workers, teachers, state employees, and sugar workers. Many unions are digging in for a fight despite loss of their legal status, expulsion by parent national unions, and warnings from the minister of labor.

The position of orthodox Peronist labor leaders, who support the government's policies is being weakened as rank-and-file workers succumb to the appeals of agitators stressing bread-and-butter issues. It is doubtful that they will be able to hold the line much longer and still retain any authority.

Leftist union leaders plan to meet this weekend to form an organization that could rival the huge Peronist-dominated General Confederation of Labor. If they are successful in attracting adherents, the Peronists could find their labor base seriously undermined.

Although orthodox Peronist labor officials have expressed hope that peaceful solutions can be worked out, there is growing talk of the need for stronger police action to forestall further deterioration. Unless the government gives in to their demands, wider conflict seems unavoidable. A left-wing lawyer for the strife-ridden automobile workers in Cordoba was assassinated this week, and a threat by major car manufacturers to shut down their plants is likely to incite further violence.

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Meanwhile, Chrysler of Argentina has informed the economy minister that it intends to raise prices by 19 percent, which would probably be unacceptable to the government. Chrysler insists that it is incurring huge losses. Although negotiation remains possible, it is more likely that Chrysler's decision will provoke additional restrictive government action against foreign companies. If the government chooses to make an issue of this, it will add to investors' mounting problems, which already include continuing terrorism, low profits, and growing nationalism. [REDACTED]

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BRAZIL

Foreign Minister Silveira's recent statement of Brazil's new Middle East position is the clearest expression yet of a pro-Arab shift. During a dinner speech in honor of the visiting Saudi Arabian foreign minister, Silveira declared that a solution to problems in the Middle East requires "a withdrawal from all territories conquered by force and the recognition of the rights of the Palestinians." Until recently, Brazil had taken what it calls an "equidistant" line, remaining noncommittal on the withdrawal question. Brazil now appears to be backing off somewhat from its traditionally close ties with Israel.

Silveira's remarks, which cap a period in which Brazil opened diplomatic relations with several Middle Eastern countries and sought to expand trade throughout the area, underscore Brasilia's continuing preoccupation with retaining access to crucial oil supplies.

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FOR THE RECORD

France - Western Europe: [redacted]

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[redacted] Paris is no longer offering a guaranteed price on its Mirage Super F-1 fighter to the four European countries seeking a replacement for their aging F-104 Starfighters. Paris' standing offer to sell the F-1 to the consortium for a reported price of about \$3.5 million per plane was allowed to expire on July 31. The consortium will now have to negotiate new unit costs with the French manufacturers. Higher prices for the French plane will further strengthen the likelihood that one of the US competitors--the YF-16 or YF-17--will ultimately be selected. [redacted]

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UK: The trade deficit of \$750 million in August was \$370 million smaller than the gap recorded in each of the previous three months. Improvements appeared across the board; exports hit a record level, while imports of both oil and non-oil products declined. The one-month improvement should hearten the Labor government since the large payments deficit is likely to be an issue in the coming British elections. [redacted]

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India: Monsoon rainfall since late August has been below normal throughout the country, causing added concern for the major fall grain harvest. Unless the rains pick up in the coming days, the US embassy plans to reduce its harvest estimate of 59-64 million tons by 2 million. Last year's harvest was 67 million tons while the drought-reduced harvest in 1972 was 57 million tons. [redacted]

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