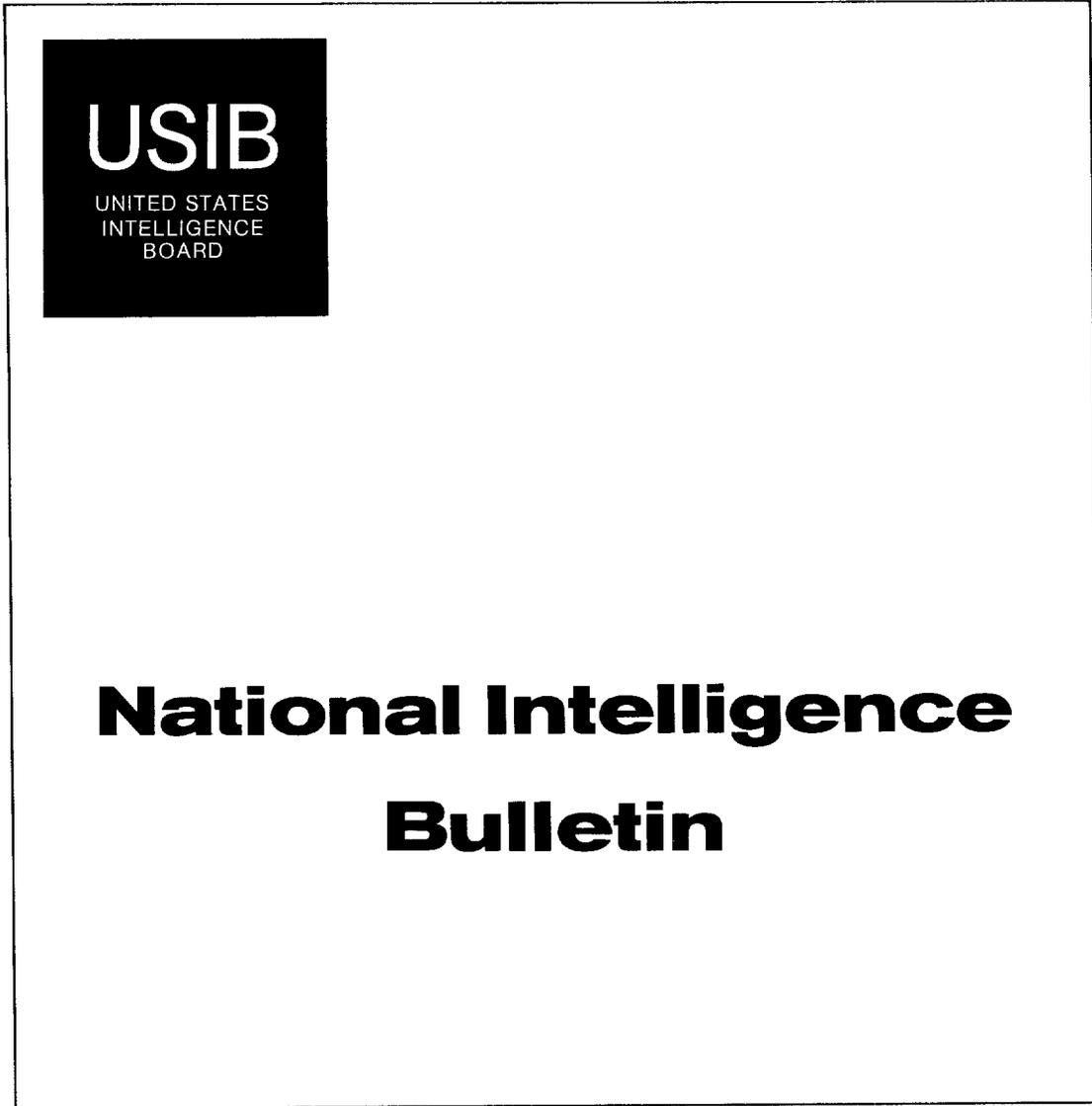


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ETHIOPIA

The future of the Emperor and indeed of the monarchy itself is quickly becoming the subject of sharpening debate within the Armed Forces Coordinating Committee, according to the US embassy in Addis Ababa. Intensified public attacks on Haile Selassie and the monarchy in recent days, which were probably approved by the committee, suggest that the forces within the committee advocating the removal of the Emperor and abolition of the throne--heretofore a radical minority--are gaining strength.

Last weekend a well-organized group demanding that the Emperor step down demonstrated in front of his palace and at other points in the capital. Posters depicting the Emperor as indifferent to suffering drought victims appeared in Addis Ababa, and the Emperor was reportedly spat on and cursed on his way to church on Sunday. The Ethiopian radio and press accused him of salting away large sums of money in foreign banks.

Faced with mounting censure, Haile Selassie could choose to abdicate. The US embassy in London has been informed [redacted] that the Emperor's grandson made an approach yesterday through the British embassy in Addis Ababa to sound out the possibility of political asylum for the Emperor in the UK.

Following the demonstrations, the committee issued a statement forbidding such manifestations without its consent and ordered out armed police and military patrols. The committee apparently fears that further demonstrations could get out of hand or spark other incidents, particularly in rural areas where the extent of support for Haile Selassie remains uncertain.

Although there is still sentiment in the committee and elsewhere in the military for retaining the monarchy under a new emperor, the advocates of this course appear to be losing out. [redacted]

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Should the committee decide to abolish the monarchy, it may first try to counter remaining pro-monarchist sentiment with an intensive media campaign depicting the military as national saviors. Laudatory treatment of the committee in the media has accelerated considerably in recent days.

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DENMARK

Danish Prime Minister Hartling may call an early election if he cannot reach agreement this week with the opposition parties on economic belt-tightening.

Hartling's minority Moderate Liberal government has twice this year avoided collapse at the last moment by compromise, and it is near the danger point again. Negotiations to draft legislation on the crucial final stage of an economic reform program, due to be presented to parliament on September 12, stalled last week when the powerful Social Democrats balked. Hartling then met with leaders of all the parliamentary parties over the weekend in an apparent effort to hammer out a compromise.

The Social Democrats apparently balked at Hartling's intention to pare social and educational expenditures while leaving defense and agricultural spending at existing levels. The Social Democrats suggested last week that the defense budget be cut by about 5 percent, which Hartling rebuffed, and want the government to reinstate at least half of the social and educational outlays it had proposed to cut.

Most political leaders, including Hartling, would like to avoid early elections, but there appear to be few alternatives at this time. Hartling might be able to scrape together a parliamentary majority among the non-socialist parties, but he would have to forgo at least one key tax reform and risk a tough round of wage renegotiations with the labor unions this fall. Another solution would be for Hartling to seek a center-left coalition without an election. The role of Hartling and his party would almost certainly diminish in such a broadly based coalition, but it may be the only combination able to deal effectively with the country's economic problems.

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PORTUGAL

Friction within the center-left Democratic Movement has become more apparent at a time when right-wing forces are showing signs of organizing in preparation for the constituent assembly elections next March.

The Socialist Party officially withdrew from the Communist-dominated movement last week after learning that the Communists intended to turn the loosely organized coalition, which also included a centrist party, into a separate political party. The Communists apparently were counting on running candidates from the movement in areas where Communist support was weak and on running candidates from their own party in districts where they had a reasonable chance of success.

Such a strategy would have strengthened Communist representation in the constituent assembly, either through direct participation of Communist representatives or with representatives of the movement that they control. Without this type of electoral alliance, the Communists are not expected to receive more than 20 percent of the vote.

The Socialists have said that representative government is impossible without the formation and development of political parties, each of which should present clear options to the electorate. The Democratic Movement, in the opinion of the Socialists, is dangerous because it could mask the real differences among the coalition components. They also fear being overpowered in any alliance with the Communists.

The centrist Popular Democratic Party also withdrew from the movement after the Socialists announced they were leaving. The Popular Democrats have long wanted to break away from the Democratic Movement but hesitated for fear of being accused of dividing the democratic forces. They probably will attempt to align themselves with the Socialists in order to isolate the Communists.

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Meanwhile, center-right and right-wing political elements are recovering from the initial shock of the April coup and are beginning to organize. The major force on the right is the Christian Social Democratic Party, formed late last month. Its strategy is to challenge the Democratic Movement by creating a rival front that might eventually include Socialists and Popular Democrats and to unite various small parties of the far right.

Unless the Christian Social Democrats are able to form such a coalition, however, the right will probably play a minor role in the coming elections.

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EGYPT-UK

Egypt and the UK apparently are close to signing an agreement that will enable Cairo to build, with British assistance, fixed-wing aircraft, military helicopters, and the engines to power them. Egypt does not now produce any aircraft.

The fixed-wing aircraft is likely to be the Hawk strike-trainer plane produced by the Hawker Siddeley Company. Rolls Royce will provide the expertise for the Egyptians to build the Anglo-French engine for the plane. Rolls Royce also will supply the know-how for the engine that powers the Westland Lynx helicopter.

Representatives from Hawker Siddeley and Rolls Royce have been discussing the deal with the Egyptians since early this year. [REDACTED]

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