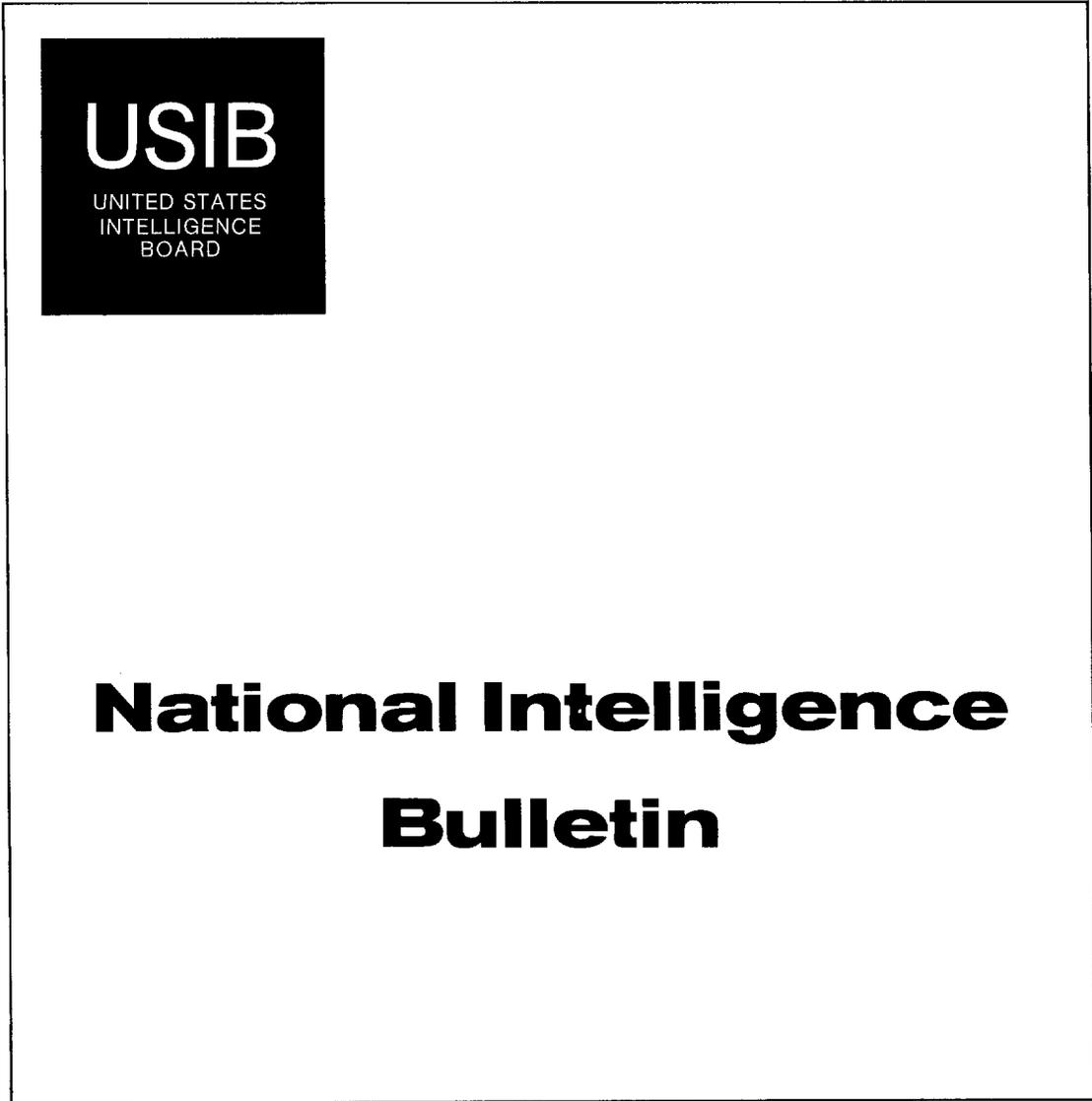


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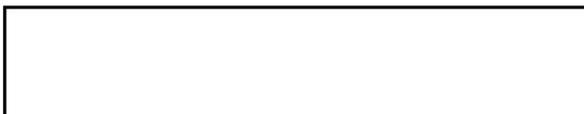
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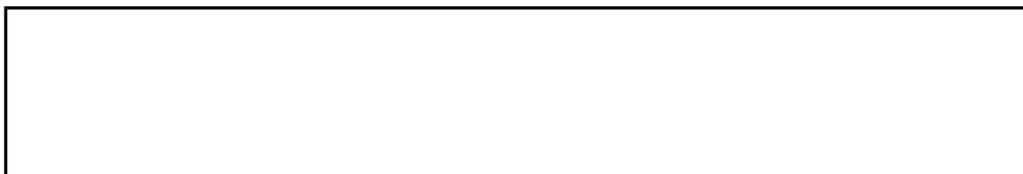
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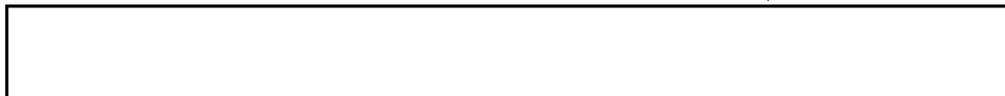
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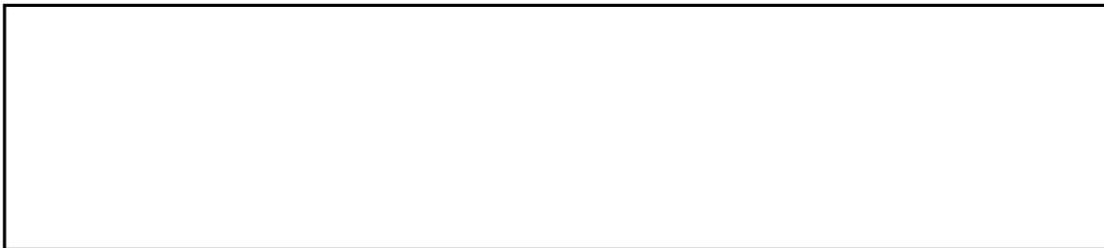
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LEBANON

Beirut was relatively quiet yesterday. Army units reportedly opened several key highways into the capital, including the road from Sidon.

Christian and Muslim forces have been thinned out somewhat in the residential Qantari section and in the luxury hotel district, but neither side is willing to relinquish its vantage points. The atmosphere in the downtown area is still tense; people are keeping off the streets despite Prime Minister Karami's repeated calls for government and private employees to return to work.

The rift between Karami and Interior Minister Shamun continues to dominate the political scene. Shamun apparently boycotted the meeting on Monday of the national dialogue committee, which again failed to make any progress. Shamun and Karami were to meet yesterday, presumably to iron out their differences before a cabinet session today. We do not know whether the meeting was actually held.



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ARGENTINA

Pressures against President Peron continue to mount, making her forced departure from office within the near future almost a certainty.

The latest press reports indicate the government has acceded to labor demands for a wage hike, despite efforts by Economy Minister Antonio Cafiero last week to reach an accord with business and labor to coordinate actions in an effort to retard inflationary pressures. The size of the increase has not been officially announced, but labor sources say it may be as much as 40 percent.

Official efforts to bring critics of President Peron into line have failed. On the contrary, it now appears that the judiciary is cooperating with the legislature in an effort to force her from office on charges of corruption.

A judge has ordered police to arrest Rodolfo Roballos, who briefly served as social welfare minister following the removal of the powerful Lopez Rega, on charges of corruption. The action stems from an investigation that is under way in the lower house of Congress to examine financial misdealings of Peron's administration. Historically, both the legislature and the judiciary have generally been subservient to the President. It is becoming increasingly clear, however, that most government figures who are not wholly dependent on Peron see her departure from office as a necessity and the only possible way to prevent a military take-over. According to official press sources, even members of the cabinet now agree that she should step down.

The leading political opposition leader, Ricardo Balbin, who has long played a cooperative role with the government, now charges that President Peron does not understand the deepening economic and social problems of the country and cannot be allowed to continue in office.

Minister of Interior Angel Robledo, who has repeatedly sought to conciliate political opposition groups, is now trying to stem growing public criticism of the administration by warning journalists to avoid "sourceless reports, assumptions, speculation, false information, and other forms of undermining institutions and confusing public opinion." Although Robledo's directive is interpreted as a threat to press freedom, he may well be attempting to prevent outside forces from adding to the government's difficulties at a critical time.

Even Victorio Calabro, the governor of Buenos Aires Province and a prominent leader of one of the two major factions of the "orthodox" sector of the Peronist movement, has harshly criticized Peron's administration.

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The latest reversal for President Peron is the apparent defection of Lorenzo Miguel, the political head of the Peronist labor movement. Miguel has sided with the President in her political battles until now, [redacted]

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[redacted]

President Peron is still in the hospital. It now seems that she is suffering from a nervous attack following an altercation with Miguel, instead of gallbladder difficulties or some other physical illness. [redacted]

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THAILAND

Foreign Minister Chatchai has informed the US ambassador that Bangkok has decided to return aircraft claimed by the communist authorities in Vientiane.

The planes—mostly T-28s—were in Thailand for servicing when the communists took over in Laos. Stating that Bangkok is fully aware of US reservations over such a return, Chatchai said his government nevertheless feels that the prospect of easing difficulties with the new Lao regime outweighs other considerations.

Chatchai has been an outspoken advocate of rapprochement with Thailand's communist neighbors, and it is possible that the free-wheeling foreign minister may not be speaking for the entire Thai government. He reluctantly told the US ambassador that he would not make any public statements or take irrevocable action before meeting again with the ambassador next week.

The foreign minister, in particular, may have difficulty bringing around the Thai defense establishment, which has been hoping to retain for its own use aircraft and other military equipment brought to Thailand at the time of the communist take-overs in Indochina. In this connection, a decision to return aircraft to Laos would make it far more difficult for Bangkok to avoid a similar concession to the Vietnamese communists. Hanoi has been citing Thailand's refusal to return such equipment to South Vietnam as a major stumbling block to the development of relations.

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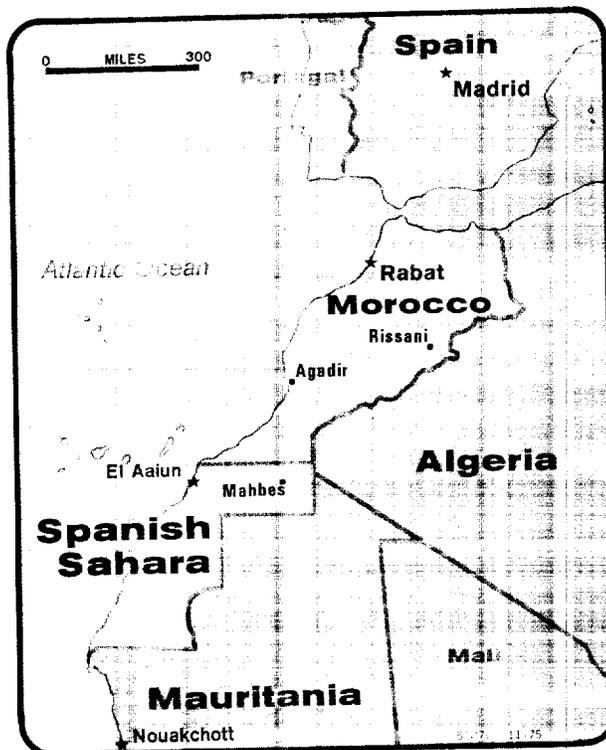
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SPANISH SAHARA

Morocco's effort to dissuade Spain and Algeria from seeking a UN-sponsored solution to the Spanish Sahara dispute have apparently not been very successful.

Press reports from Madrid yesterday, citing informed Spanish sources, said Moroccan Prime Minister Osman had failed to steer Spain away from seeking a UN solution that would probably involve a referendum in Spanish Sahara. Spanish leaders reportedly told Osman that negotiations between Madrid and Rabat could continue only under UN auspices and only if Morocco calls off its planned mass march into Spanish Sahara. As he left Madrid, Osman said that talks will continue, but that the march will go on.



A Moroccan emissary talked with Algerian President Boumediene on Monday. Within hours of the talks, the Algerian Foreign Ministry issued a statement reiterating that Algeria could not accept a unilateral Moroccan move. The statement added that the decolonization process should be left to the UN General Assembly and should be in keeping with a recent UN report and an advisory opinion of the International Court of Justice, which in effect endorsed self-determination for Spanish Sahara.

UN Secretary General Waldheim's personal envoy held talks with King Hassan yesterday. The envoy will also consult with Mauritanian, Algerian, and Spanish officials.

According to press reports from New York, Waldheim has suggested a six-month cooling-off period during which the UN could create a temporary administration in the territory. King Hassan would not accept such a proposal unless Morocco were the administering power.

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Morocco is still threatening to go ahead with its march into Spanish Sahara. Once King Hassan gives the go-ahead, the march may be impossible for him or anyone else to control.

The government recruited some of its marchers from the ranks of the unemployed and urban street roughnecks. These "volunteers" are not likely to follow orders or be especially peaceable. They were doubtless responsible for some of the disorder that has occurred at assembly points in southern Morocco.



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PORTUGAL

Portuguese Prime Minister Azevedo paid a second visit to the provinces yesterday to enlist popular support shortly after his cabinet called for a meeting with top military leaders to discuss the country's crisis of authority.

Azevedo's trip to the southern resort city of Faro was an expression of support for the newly installed non-Communist civil governor and for the commander of the southern military region. The Communists' efforts to remove the governor ten days ago failed when they were driven from his offices by aroused Socialists and Popular Democrats.

The trip was also designed to demonstrate the Azevedo government's popularity at the grass roots. An earlier visit by Azevedo to Porto, where he was hailed by 100,000 supporters, was an important milestone in the government's efforts to restore discipline in the northern military region.

An enthusiastic crowd of some 10,000 attended the Faro rally. Azevedo told those assembled that it was essential to establish a strong and stable central governing authority recognized and freely accepted by all. Even as he spoke, some 100 far leftist soldiers began a counter-demonstration but most dispersed when the commander of the southern military region approached and castigated them.

Azevedo had complained to a press conference earlier that the government did not have the capacity to govern because of a lack of discipline and dissension within the armed forces. Azevedo was heard commenting to local officials that he has been patient thus far but would now take the offensive.

Before Azevedo left, the cabinet issued a communique that reaffirmed its decolonization policy and urged rapid reorganization of the news media. The cabinet also asked to meet with the Revolutionary Council to learn how the Council would implement a presidential decree ordering the surrender of all illegally held arms. A week-long amnesty for turning in the arms was declared from October 17 to 25, but only a handful were surrendered.

The communique expressed its solidarity with the decolonization measures that have been adopted and labeled those who have criticized the measures as counterrevolutionaries. The government's policy in Angola has been sharply attacked by the left, which wants to turn over power exclusively to the Moscow-backed Popular Movement for the Liberation of Angola when the African colony becomes independent on November 11. On Monday evening, leftists held a rally in Lisbon to support the Popular Movement, but it drew only 1,000 demonstrators.

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In what appeared to be a further step to purge the media of Communist influence, the cabinet urged Social Communications Minister Almeida Santos to speed up the recently announced media reorganization. The cabinet also ruled that the dispute between Communist and non-Communist workers over control of the newspaper *O Seculo* must be solved through legal channels, and it ordered an inquiry into the case. [redacted]

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EC - WEST GERMANY

Bonn has enacted a law reducing the lead content of gasoline, which the EC Commission views as a threat to the Community's free trade principle.

The law, which passed unanimously, becomes effective in January 1. It will enforce a lower lead content than is standard in the Community and hinder imports of gasoline produced in other EC countries.

Bonn will allow imports of gasoline with a higher lead content for a two-year transitional period, but at the cost of an added surcharge. Non-German refiners argue that they cannot meet the new standards and maintain octane levels without setting up special handling facilities and refinery runs. The costs involved would put them at a competitive disadvantage in the West German market.

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[redacted]

Bonn reportedly is not anxious to precipitate a constitutional issue within the EC and would probably not have voted unanimously for the legislation if it considered a European Court confrontation likely. The West Germans, nonetheless, have refused to accept the Commission's compromise proposal to adopt the German standard for regular gasoline but permit a higher lead content in premium; Bonn also has not made a counter-offer. [redacted]

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GUATEMALA-BELIZE

President Laugerud has issued the strongest public statement to date by any Guatemalan official on his country's territorial dispute with Belize.

At a press conference during the Central American summit conference on November 1, Laugerud warned he would take "all those actions which are necessary" to recover Belize. He did, however, promise to continue seeking a negotiated settlement for as long as possible.

This is the first public Guatemalan commitment to action beyond negotiations. Guatemalan officials have threatened military action against Belize during confidential discussions, but they have deliberately avoided inflammatory public statements. For instance, President Laugerud has not held a press conference on Belize since negotiations broke down in July. Recent statements by Foreign Minister Molina, moreover, seemed designed to quiet public opinion and to de-emphasize the urgency of the problem.

Laugerud probably will not try to prevent the inevitable passage of a UN resolution on Belize that will be prejudicial to Guatemala's territorial claims. He, instead, appears to be re-emphasizing to the British that the UN resolution will be unacceptable, and that if future talks are to offer any prospect for avoiding a military confrontation, some way must be found to save face and permit negotiations.

Meanwhile, Laugerud's statement will serve to placate the more hawkish elements in his government and the military. Furthermore, it reflects his frustration at the tepid official support given the Guatemalan position at the Central American summit meeting.

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ANNEX

Effects of the Recent Hostilities on Lebanon

The fighting in Lebanon during 1975 has been the most extended and destructive in recent history. It has left Palestinian fedayeen and Lebanese Muslims in control of three of the country's four major cities—Sidon, Tyre, and Tripoli—and strengthened significantly their hold on Beirut. Conversely, the relative strength of the right-wing Christian militias has been diminished, and the areas of the capital over which Lebanese government forces have effective control have been reduced almost to nothing.

The economic, political, and social dislocations produced by the fighting have been so severe that even if a cease-fire should take hold, a return to Lebanon's system of government will probably prove impossible. Christian political leaders may well be forced to make political concessions that will enhance the role of Lebanese Muslims in the government and the army.

Hasten Political Change

If a durable cease-fire proves elusive, the fighting could turn serious enough to force the resignations of both Prime Minister Karami and President Franjijah and perhaps hasten political change favoring the Muslims. New fighting could, however, prompt army officers—most likely conservative Christians—to attempt to seize control in a last-ditch effort to preserve Christian dominance.

The Lebanese government in recent months has shown itself incapable of forcing an end to the hostilities. Patrols by internal security forces, which are not regarded as a threat by either the Christians or the Muslims, are not opposed by any major political group. Acting alone, however, this security force is incapable of forcing any of the opposing parties to respect a cease-fire.

The Lebanese army, on the other hand, is viewed by the fedayeen as a direct military threat and for this reason has not been allowed to play a forceful role in putting down the fighting. In Beirut, it has been used only to secure the road from the city center to the airport, to control selected government buildings and installations, and in a very limited way to relieve internal security units on the periphery of the city. In Tripoli, it has been used to patrol a neutral zone between Muslim and Christian forces.

In recent months, conservative Christian leaders like President Franjijah and Interior Minister Shamun have favored calling in the army, but have been unable to convince Muslim political leaders, notably Prime Minister Karami, that the Christian-controlled force would play an impartial role.

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In the past it was believed the army could always be brought in as a last resort to impose a cease-fire or to destroy the radical Lebanese leftist and Palestinian rejectionist groups. It was also believed that the army could—in time and with difficulty—overcome the major fedayeen groups as well.

The army can no longer do this. Army involvement now would result in so great an increase in the already heavy casualties and property damage that sizable units, reflecting their divided loyalties, would simply refuse to assume anything more than defensive positions. Such an attitude would prolong, not end, the fighting.

Larger and Better Equipped

Palestinian and leftist armed groups are significantly larger and better equipped than they were the last time the army stepped in; that was in early 1973.

In the unlikely event that the army were threatening to defeat leftist and Palestinian forces in Lebanon, units of the Palestine Liberation Army in Syria and of the regular Syrian army would probably move to the rescue. Damascus would not allow Lebanon to defeat the Palestinians in the way that the Jordanian army did in 1970 and 1971.

Superficially, Lebanese leftists seem to have been the big winners from the impotence of the Lebanese security forces, army, and government. Little-known radical leftists like Ibrahim Qulaylat are now in physical control of important areas of Beirut and publicly consult with the Prime Minister.

Socialist Kamal Jumblatt, a Druze, has discarded what remained of his gadfly image and—along with Shia Muslim leader Imam Musa Sadr—has established himself as a central figure in the behind-the-scenes political bargaining that used to be the sole province of Maronite Christian and Sunni Muslim leaders.

These leftists have made their gains primarily because they have been heavily backed by the large Palestinian fedayeen organizations. Leftist militias have been trained by the Palestinians, leftist arms have been supplied by the fedayeen, and in crucial battles the leftists have been backed up by fedayeen fighters. Were it not for this support, the Lebanese leftists would have been overwhelmed again by the powerful Lebanese Christian and Muslim leaders.

The Big Gainers

The Palestinians have been the big gainers. The principal fedayeen groups have largely stayed out of the fighting, partly because they are sensitive to the effect

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instability in Lebanon has on Middle East peace negotiations and Lebanon's relations with Syria. They certainly recognize that the clashes this year have made almost inevitable long-term political changes that will directly benefit the Palestinians.

Palestine Liberation Organization chairman Arafat is given credit for his peace-making efforts, yet he can look forward to dealing with Lebanese governments that will be more favorably disposed toward Muslim, Palestinian, and general Arab causes. Arafat has, in addition, emerged as a central power in Lebanese government councils; he is no longer dealt with as an outsider. Arafat and Karami have been the two most important figures in recent attempts to negotiate cease-fires, and Arafat was offered, but refused, membership on Karami's all-Lebanese security committee.

A personal representative of Arafat has been involved in a series of talks on political reform with representatives of Franjiyah and Phalangist leader Jumayyil, both right-wing Christians who have generally dealt with Arafat indirectly.

The Palestinians actually began to increase their punch in Lebanon in 1969. The Cairo agreement of that year, forced by an earlier round of fighting, guaranteed the Palestinians the right to live in Lebanon.

The Melkart agreement that followed the strife of 1973 gave the Palestinians the right to control security within the refugee camps—the prerogative that subsequently provided the excuse for a vast increase in Palestinian military strength in Lebanon.

This year, the Palestinians have demonstrated that they are much better armed than before and that they have the ability to turn the tide of battle when they so desire, as they did in the Qantari area of Beirut last week. They have shown that they can also limit the violence.

Display of Power

Having displayed its power, the PLO has now made certain proposals to the Lebanese national dialogue committee, created to consider basic political reforms. If accepted, these proposals would amount to a recognition by all Lebanese, specifically including the Phalangists, of the legality of the Palestinian presence in Lebanon. Presentation of the proposals on October 13 was such a politically astute move that even Jumayyil was moved to praise Arafat.

The proposals will be difficult to reject. Although the Palestinians are unlikely to get a role in the Lebanese government, the talks now going on will certainly reflect the Palestinians' increased power and result in changes in their interests.

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Christian Concessions

The Christians will offer concessions first to the country's Sunni Muslim and Socialist politicians rather than to the more disadvantaged Shia Muslims or the radical leftists. Although even moderate Christians do not want to make concessions, most now understand that political and social reforms are necessary to ensure Lebanon's future stability, even its survival.

Some powerful conservatives, like Jumayyil, have spoken vaguely of the need for reform and have carefully distinguished their positions from the more intemperate followers of Franjyah. Jumayyil also takes great pains, on the other hand, to make sure that no one gets ahead of the Phalanges Party as the champion of the Christian cause. It is thus difficult for him to endorse concessions without being attacked by what is, in effect, a "rejection front" on the Christian right.

Influential Groups

Christian ultraconservatives generally follow the political lead of the civilian Maronite League and the Order of Maronite Monks. These two groups are influential far beyond their small size; they have close ties to Franjyah and have long provided heavy political, financial, and military aid to the Christian militias.

Last month, leaders of the two groups published political demands that in effect called on the President to dismiss Karami, call in the army, and shelve proposals for political reform until the Palestinian problem has been solved.

Maronite Patriarch Antonios Khreish is much more temperate than the extremist leaders, but neither he nor leaders of the Christian militias have been willing to criticize the extremists in the absence of evidence that concessions by the Christians would at least bring a dependable peace.

Despite the impasse, Christian leaders most likely realize that time is on the side of the Muslims and leftists. This realization is already undermining President Franjyah, who is being privately criticized by extreme right-wingers for not being assertive enough and by moderates for not being flexible enough.

Increasing numbers of Christians, some alarmed at the steady erosion of influence of the Christian presidency, are coming to believe that Franjyah's departure would be acceptable.

Concessions to Muslims are most likely to come in:

--The outdated system of proportionate representation of religious groups in all institutions of government.

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- The laws governing the election of parliament and the president.
- The distribution of executive powers between the president and the prime minister.
- The organization of the army.

Political and economic reform is coming; it will in large part only acknowledge what is already a fact: that Lebanon's old governing system is no longer functioning and is not accommodating the needs of either the disadvantaged groups in the cities and the south or the wealthy Christian and Muslim communities in the capital and certain northern and mountain areas.

The old system rested on the ability of the leaders of the political and religious sects to defend their followers' political, economic, and security interests. With parliament unwilling to meet, the cabinet unable to take effective action because of the split between Karami and Shamun, and leaders of several Christian and Muslim groups unable to control their followers, those interests cannot be protected in the old way. [redacted]

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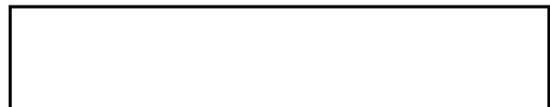
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