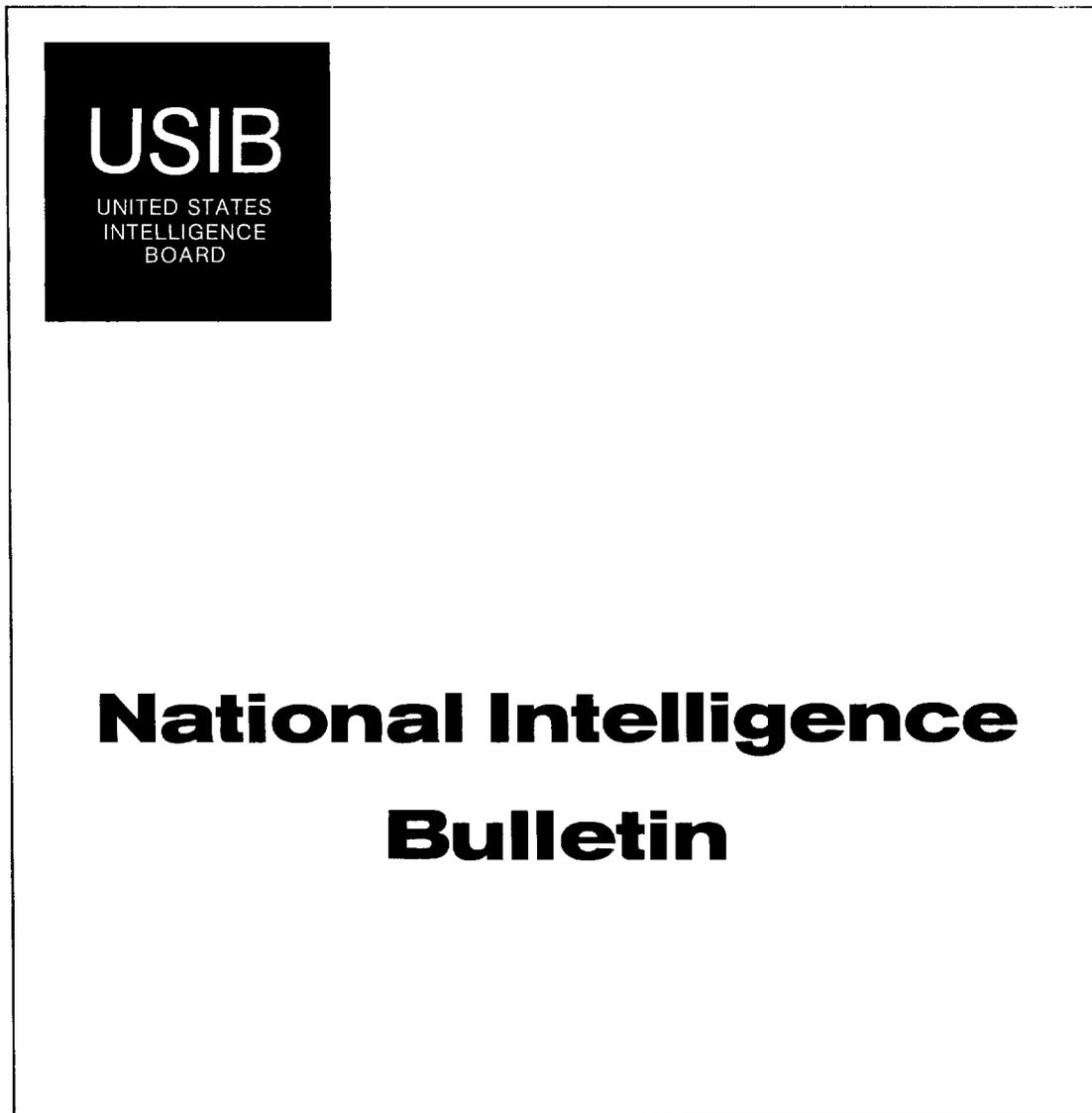
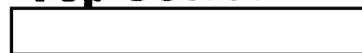


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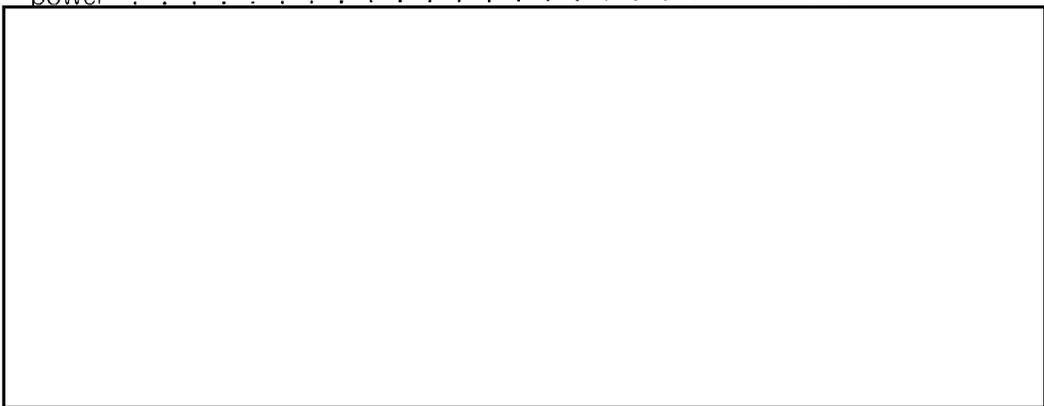
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**LEBANON**

Lebanese President Franjyah has condemned yesterday's attempted coup in Beirut and vowed that he will fight to stay in office. Franjyah is guarded by Maronite Christian troops in the presidential palace outside the capital.

The leader of the coup, Sunni Muslim Brigadier General Abd al-Aziz al-Ahdab, claims to have the backing of the Christian army commander and of all important army units. In fact, although many high-ranking officers have over the past few days pressed Franjyah to take more assertive action to arrest the disintegration of the army, all have so far refrained from offering support for either Ahdab or Franjyah.

One Beirut radio station has broadcast statements by middle-level officers from several army units pledging their support for Ahdab. Another station loyal to Franjyah has claimed that these statements are fabrications and has broadcast the President's appeal to all army units to disregard Ahdab's "illegitimate methods."

The private Lebanese militias and Palestinian forces yesterday seized control of most areas of Beirut with almost no fighting. The various groups so far have simply reestablished control over areas that they have traditionally dominated. Their action thus offers no clue as to whether Franjyah or Ahdab will emerge in control of the government.

Leaders of the principal Christian political parties reportedly will meet early today to draft a joint position in the current crisis. Although several powerful Christians are disenchanted with Franjyah, they have little choice but to back him against a direct challenge by a Muslim officer.

The Christians will be divided only if Ahdab succeeds and wins Syrian backing. Some would favor an unrestrained military challenge to him, others would prefer to withdraw to and defend a truncated Christian state.

Major Muslim political leaders, including Prime Minister Karami, have withheld comment, presumably waiting to see who ends up on top and what actions the Syrians will take. The only important Muslim or leftist to make a public statement, Socialist leader Kamal Jumblatt, condemned all coups, but added that "of course he supports the resignation of the president."

There is yet no clear indication of whether Damascus was involved in yesterday's coup attempt or in the threat by Prime Minister Karami to resign earlier in the day. Karami had said he was resigning out of frustration with the refusal of Franjyah and other politicians to be more flexible in the negotiations aimed at arresting the deteriorating security and political situations.

The Syrians early yesterday withdrew their mediation team and cease-fire observers from Lebanon, suggesting that, at a minimum, they had prior knowledge of the coup. According to a late press report, however, the Syrian teams returned to Beirut last night, and had withdrawn only to protest the Christians' continued insistence that the government use force against Muslim army deserters in southern Lebanon.

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This account suggests that the Syrians probably intended to join Karami in protesting the Christians' negotiating tactics, but were unaware of any plans for a coup. The Syrians presumably concluded subsequently that they must return to Beirut to prevent a resumption of widespread fighting.

Damascus radio signed off late last night without making any mention of the coup attempt. Although this could be part of a Syrian effort to avoid being identified with the coup, it is more likely evidence that Damascus was surprised by the move and is uncertain of how to respond.

Palestinian leaders, apparently wondering who, if anyone, is backing Ahdab, also have said nothing. Even if they had no prior knowledge of the coup attempt, however, both the Palestinians and the Syrians will be tempted to back Ahdab if he shows signs of success. Any of the likely successors to Franjiyah would be better able and more willing to facilitate implementation of the recent Syrian-sponsored political settlement.

In his appeal to the nation yesterday, Ahdab called on Franjiyah and the current government to resign within 24 hours, and instructed parliament to elect a new—presumably Christian—president within 7 days. Ahdab professed that he does not propose indefinite military rule for Lebanon, and that he plans quickly to turn the government over to civilians. He referred to himself as a "temporary military governor."

Ahdab demonstrated that he either has or badly wants Syrian backing by announcing his support for the Syrian mediation effort in Lebanon, for existing agreements between the Lebanese government and the Palestinians, and for the Syrian-preferred strategy of offering general amnesty to the Muslim army deserters who precipitated the current crisis.

The occupation of increasing numbers of Lebanese army bases by the rebels in southern Lebanon this week prompted Israeli forces along the border to go on increased alert yesterday. The additional uncertainty now surrounding the future of the Beirut government will ensure that the Israelis will continue to watch events carefully, but they will be extremely unlikely to intervene directly even if the Lebanese government is seized by Ahdab, who is a generally conservative Muslim.

Despite this cautious approach, the potential for an armed clash involving Israeli troops in Lebanon will remain fairly high if the Israelis continue to patrol as aggressively as they have over the past two weeks. Israeli troops have made at least three cross-border raids into southern Lebanon since February 26, killing one alleged terrorist, blowing up houses of suspected fedayeen supporters, and taking at least three Lebanese civilians prisoner.

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## ARGENTINA

Top labor leaders have apparently expressed support for President Peron's latest economic austerity program, but they apparently do not have the backing of the rank and file. The government has augmented the wage hike it had originally proposed and will probably be forced to make further concessions.

Workers are continuing the strikes and work stoppages begun earlier this week to protest the program, which includes drastic price rises and a minor wage increase. The auto industry was particularly hard hit as thousands of workers walked off their jobs in Cordoba, Santa Fe, and Buenos Aires. Maverick Peronist labor boss and Buenos Aires Governor Calabro has labelled the new plan a "fraud" that penalizes workers.

Key congressmen, including members of Peron's own party, and the nation's most influential businessmen's group, also have voiced strong opposition to the program. Some of the critics claim the reforms were forced on Argentina by external pressures, principally from the International Monetary Fund.

As a result of worker pressure, the administration agreed at midweek to augment its original wage increase significantly. Even the 20-percent increase subsequently granted, however, is not likely to satisfy workers whose salaries are ravaged by soaring inflation and who are unaccustomed to sacrifice. The prospect is for still more pressure on the top unionists from the rank and file and for further strikes.

The administration is hardly in a position to stand up to massive strikes. Peron will probably be obliged to grant a further wage increase to keep the workers in the factories. Another failure by the government to deliver on economic reform could convince the military, still poised to intervene, of the need to move.



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### INDIA

Prime Minister Gandhi may visit Moscow at the end of this month or the beginning of April. The most frequently mentioned time for her trip is from March 25 to 28.

The invitation for the trip has been outstanding since Soviet party chief Leonid Brezhnev visited New Delhi in November 1973. The Indian domestic situation, developments in Bangladesh, and possibly indifference in New Delhi apparently precluded an earlier return visit.

Discussions are expected to touch on a wide range of topics of bilateral interest. Gandhi will probably take the occasion to assure Moscow of her continuing commitment to Socialist goals; some of her economic policies—liberalization of foreign investment procedures, for example—announced since the declaration of a national emergency last June have troubled the pro-Moscow Communist Party of India.

The Soviets will probably again solicit India's approval of an Asian collective security system and discuss the possibility of special port rights for Soviet vessels. In the past, Gandhi has evinced little interest in these proposals; her position is not expected to change with this trip.

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**SOUTH KOREA**

The Pak government has reacted sharply to the latest opposition protests in Seoul, but the controversy appears unlikely to lead to a serious challenge to President Pak's authority.

The strongly worded statement critical of the Pak regime issued last week by a group of leading anti-government figures—including Kim Tae-chung, Pak's opponent in the 1971 presidential election—was intended to fan criticism of the government in the US and Japan, and to spark a renewal of activism among Korean students, Christians, and intellectuals. The statement was timed to coincide with the return of students to the campuses for the spring session, often a time of political unrest in South Korea.

Although the incident has received considerable press coverage in Japan, as well as in the US, coverage in South Korea was limited by the government until charges against those responsible for the statement were made public on Wednesday. The opposition party almost certainly will attack the government's reaction to the statement in the special session of the South Korean National Assembly, scheduled to begin soon.

There will probably be some additional expressions of dissent, but it seems unlikely that the incident will stimulate widespread anti-government activity in South Korea. Over the past several years, and especially since the fall of Indochina last spring, the system of controls established by the Pak government has undermined and enervated most of its opponents.

The government moved quickly to arrest those primarily responsible for the statement, including Kim Tae-chung, and they will be prosecuted for plotting the "overthrow of the government." An overreaction by the government—a harsh sentence for Kim, for example—is possible, but Pak's top aides at least seem aware that this could have an adverse impact on Seoul's foreign relations and provide the government's critics with the kind of emotional issue they now lack.



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## ITALY - WEST GERMANY

Italian and West German firms plan to co-produce a new tank for export, according to the US defense attache in Rome.

The new tank, called the Leopardino, will be similar to the West German Leopard I tank and reportedly will be produced and marketed by an Italian - West German holding company in Italy. The West Germans will build the chassis and engine, while the Italians will produce the turret and electronics package. The Leopardino probably will have stronger armor and a bigger engine than the Leopard, and may be armed with a 120-mm. gun.

The formation of the Leopardino consortium may be, in part, an attempt by the West Germans to compensate for Bonn's stringent legal restrictions on exports of weapons to non-NATO countries by capitalizing on Italy's more liberal export policy.

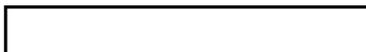
Both West German and Italian arms manufacturers will benefit from the project. Large production runs for Bonn's Leopard I are now complete, and work on the Leopardino will help to pick up the slack. For the Italians, assembling the new tank and producing parts for it will create new jobs, as well as reduce the cost of building Leopard I tanks for the Italian army.

The West German government could still negate the agreement out of fear that the Italians would export the tanks to areas of tension. The Schmidt government has been considering easing the West German policy on arms exports, but has not yet done so because it is concerned about the possible domestic political repercussions if it does change the policy.

Third World countries are likely to be the principal customers for the Leopardino tank, primarily because of its similarity to the Leopard—reputedly one of the most effective tanks in the world. In fact, according to the defense attache, the producers may already have orders for 165 Leopardinos.



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## CYPRUS

Two Greek Cypriot committees have been formed to draft proposals for a settlement of the Cyprus problem. The proposals will be submitted to the Turkish Cypriots in accordance with the agreement at the last round of intercommunal talks in February. One committee will prepare proposals pertaining to territory and related subjects, while the other will deal with constitutional issues.

The Turkish Cypriots have said they will submit their written reply to the proposals within ten days after receipt. This exchange will provide the basis for the next round of intercommunal talks in Vienna, which will probably not be held until after the Turkish Cypriot election on June 20.



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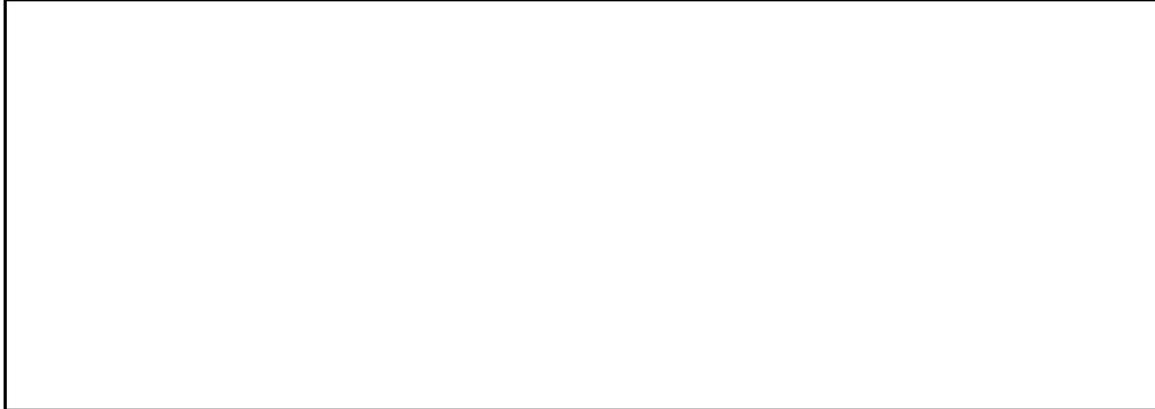


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FOR THE RECORD



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GREECE-TURKEY: Ankara has indefinitely postponed the small-scale air defense exercise originally scheduled for March 9 and 10 in the Aegean and twice delayed because of weather. One of Ankara's goals in scheduling the exercise may have been to strengthen its interpretation of territorial waters and airspace in the Aegean and to probe Greek reaction to the exercise. The Turks may combine the postponed exercise with their air and naval exercise scheduled from March 23 to 29 in the Aegean.

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EL SALVADOR: San Salvador is going ahead with congressional and municipal elections this Sunday, even though the opposition coalition has withdrawn all its candidates. This action came last week after the military-backed Molina government, which rigged the last election to give itself control of two thirds of the legislature, used a trumped-up technicality to disqualify the opposition slate in the capital that included most coalition leaders. President Molina has charged that the opposition is part of a communist conspiracy and is behind the increasing number of terrorist bombings. The military is on alert and should be able to control any election-related violence.

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