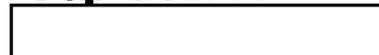


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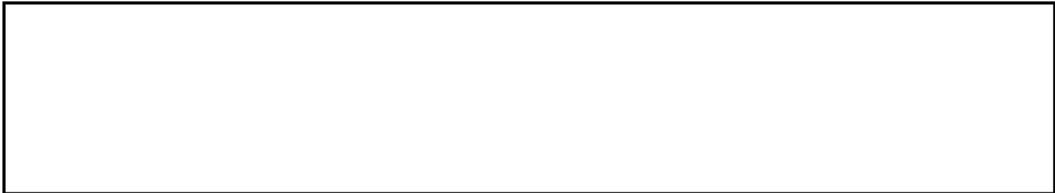
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LEBANON

Fatah chief Yasir Arafat, who has been trying to mediate the quarrel between Syria and Lebanese leftist leader Kamal Jumblatt over Syrian intervention, returned from Syria yesterday with an unyielding answer from Damascus to Jumblatt's opening list of demands.

The Syrian press reports that Damascus has agreed to revive the joint Lebanese-Syrian-Palestinian truce committee as Jumblatt wished, but only until a new president is elected. This qualification almost certainly reflects President Asad's hope that the next president will ask that Syrian troops remain in Lebanon as a peace-keeping force. Jumblatt has been insisting Syrian troops withdraw immediately.

Damascus apparently rejected Jumblatt's call for abandoning the 17-point political agreement worked out in February. Although Asad probably realizes that the accord will have to be renegotiated, he wants to salvage what he can of the agreement. He may refuse to discuss the issue until after the presidential elections.

Asad was able to get a public commitment from Arafat and his delegation of independent fedayeen officials to support the current truce and to favor a continuation of Syrian mediation. This endorsement of Syria's role from Arafat, who has been playing both sides of the dispute, puts Jumblatt on notice that he now stands alone in his defiance of Damascus.

The Syrians themselves warned Jumblatt they would not tolerate his attempts to "Arabize" the Lebanese crisis nor would they accept an international force to police the truce. This was also directed at the US, which the Syrian press has recently criticized for suggesting the introduction of an international peace-keeping mission.

Jumblatt has not yet reacted to Syria's sharp statements. Although there appears to be a serious impasse, Damascus may be more flexible on some issues than it is willing to admit publicly and may have given some ground during private talks with Arafat. In any event, Jumblatt has little choice but to continue with the Palestinian mediation effort and reportedly is prepared to do so.

The call from the Syrians and Arafat for all parties to respect the cease-fire has had no significant effect on the warring factions, although the fighting appears to have slackened in the north and in the mountains east of Beirut. There have been no signs of significant advances by Syrian troops in Lebanon nor evidence of additional forces crossing the border.

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The US assistant defense attache in Tel Aviv reports that Israel has taken some military precautions in light of the Lebanese crisis, despite the military's generally relaxed posture for the Passover holidays.

The attache believes that the Israelis have moved an additional armored battalion—about 36 tanks—to the Golan Heights, although he has not yet been able to verify the move. The battalion apparently is a regular unit and not one that was recently mobilized. [redacted] the Israeli armored corps has halted field training exercises and is now concentrating on getting its equipment in good working order. [redacted]

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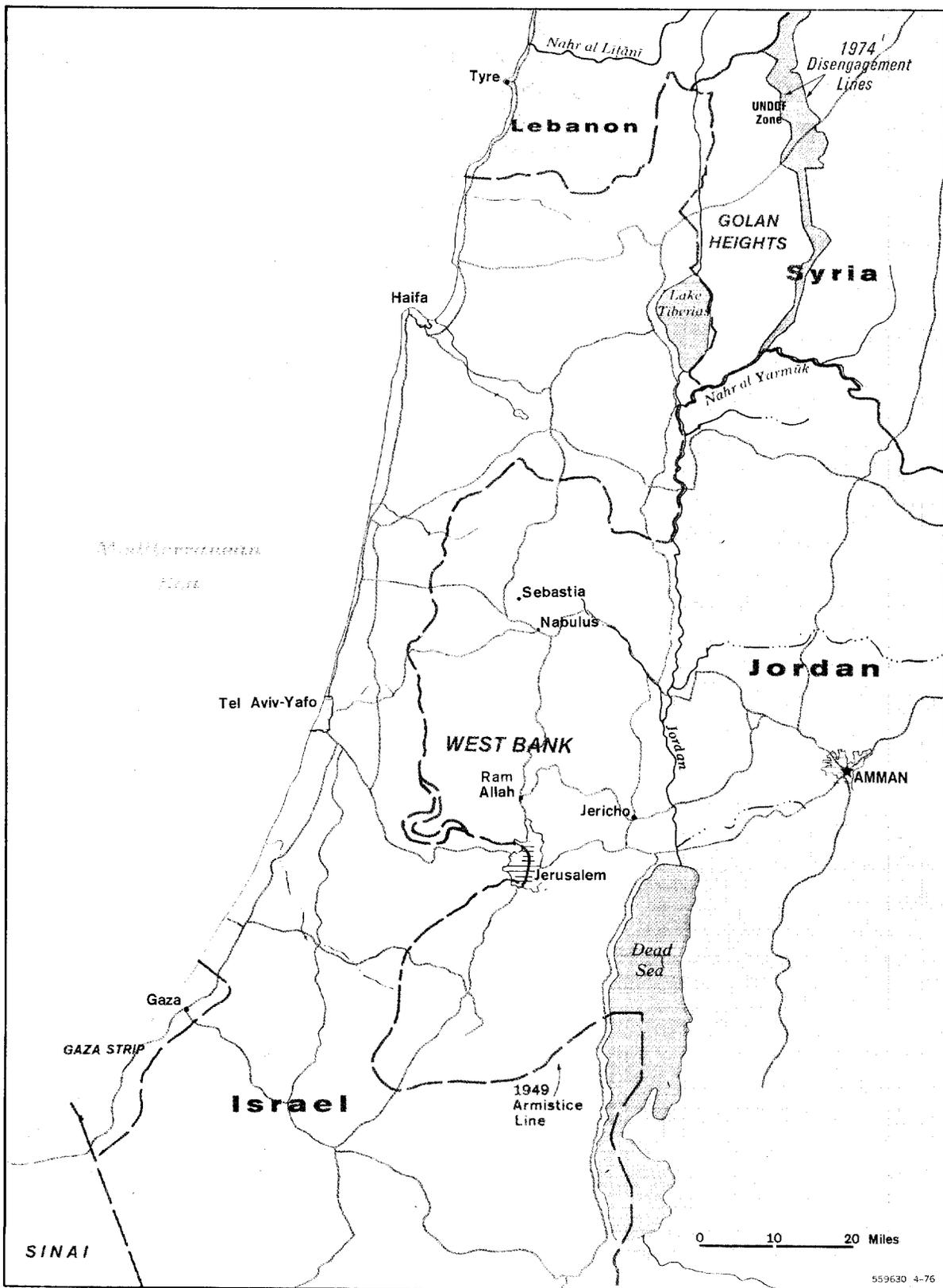
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ISRAEL

The right-wing extremist Gush Emunim organization plans to stage a mass march in the West Bank from Ram Allah to Jericho on April 18 and 19 to underline its demand that the Israeli government permit greater numbers of Jewish settlements in the occupied territory. The march, scheduled to end with a mass meeting in Jericho, could spark a new round of anti-Israeli demonstrations by West Bank Arabs. The latter strongly oppose the Gush and its settlement program and are suspicious of the government's motives in approving the march.

Several thousand persons are likely to participate in the march, which starts on Sunday in the middle of the Passover holidays. Israeli troops will provide security and discourage clashes between the marchers and local Arabs. The presence of large numbers of troops, however, could in itself provoke anti-Israeli outbursts.

The cabinet last Sunday rejected a motion by the Labor Alignment's left-wing Mapam Party that the march is an inopportune "political demonstration" and should be prohibited. Gush Emunim leaders have admitted to timing the event to influence the cabinet debate on West Bank settlement policy tentatively scheduled for late April.

Defense Minister Peres, the official responsible for administering the West Bank, reiterated at the cabinet session that he had given his approval after being assured by the organizers that the marchers would avoid inhabited Arab areas and not attempt to establish an unauthorized Jewish settlement.

Prime Minister Rabin probably calculates that the march will enable the Gush Emunim to blow off some steam and deflect it from making unauthorized settlement attempts on the West Bank, which raise a much more difficult domestic, political problem for the government.

The Arabs, however, are likely to interpret the government's refusal to prevent the march as an endorsement of the organizers' aims. During a similar event last December, an attempt was made to establish a Jewish settlement at Sebastia, near Nabulus. The government refused to accept a permanent settlement there, but it did compromise and allow some of the settlers to remain at a nearby Israeli army camp, pending an official review of the matter.

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SOUTH AFRICA - ISRAEL

South African Prime Minister Vorster, who concluded a four-day visit to Israel on Monday, has announced that the two countries had reached a broad agreement to expand economic and scientific cooperation.

Vorster probably also at least explored possibilities for obtaining Israeli armaments for strengthening the South African armed forces, although he denied that any arms deals are under consideration.

Vorster said that a joint ministerial committee would meet regularly to promote joint projects using South African raw materials and Israel's skilled manpower. Prospects appear slim, however, for a significant expansion in non-military trade between the two countries, which now comprises less than 1 percent of either state's total foreign trade.

While in Israel, Vorster visited an Israeli aircraft factory. Speculation that the South Africans are shopping for Israeli arms also has been prompted by the 40-percent increase in the defense budget for the coming year that was submitted to the South African parliament last month.



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Israeli weapons that might interest South Africa are the Kfir fighter, the Shafrir air-to-air missile, and the Arava Stol transport. Since Pretoria has Mirages in its inventory, South African air force personnel would have little trouble in adapting to the Kfir, which is based on a Mirage. Any sales or transfers of the Kfir, which has US engines, would require US approval, however.

According to the South African official news service, Israeli Prime Minister Rabin is expected to visit South Africa later this year. Apparently Rabin has gone along with persistent South African efforts to play up the importance of Vorster's visit despite Israeli misgivings that flaunting ties with Pretoria might hinder Israel's efforts to re-establish ties with black Africa and provide additional grist for Israel's detractors in the UN. At the Israeli state banquet for Vorster, Rabin compared their respective efforts to build constructive relations with the Arab states and with black Africa.

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Favorable reactions to the visit in South Africa apparently have strengthened domestic support for Vorster's efforts to extend Pretoria's limited range of openly supportive ties with the outside world.



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CZECHOSLOVAKIA

President Husak may well have emerged from the Czechoslovak party congress with a firmer grip on the party apparatus; he did receive a strong vote of confidence from Moscow.

The re-election of all members of the party presidium—except aged, ailing former president Svoboda—underlined continuity in the leadership.

Changes on the party secretariat suggest that Husak may be strong enough to put his personal stamp on day-to-day party business. Membership on the secretariat increased with the election of three new officials who have come to prominence only during his rule.

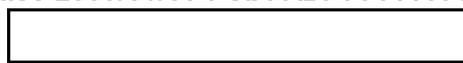
Slovak party chief Jozef Lenart lost his ex officio position on the secretariat but retains his more important seat on the presidium. The move may have aimed in part at lowering the visibility of Husak's fellow Slovaks in Prague.

Moscow's endorsement of Husak and his policies came in a speech by Politburo member Andrey Kirilenko, General Secretary Brezhnev's unofficial deputy, who went out of his way to signal Moscow's satisfaction with Husak's performance and to emphasize Husak's good standing with Brezhnev.

Husak also received unprecedented praise from some of the hard liners in the party leadership. More importantly, he extended a still controversial offer of conditional rehabilitation to former party members who were purged or quit after the Soviet-led invasion in 1968. The real test of Husak's strength will come when the rehabilitation drive meets expected obstruction from firmly entrenched hard liners in the lower levels of the party bureaucracy.



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SINGAPORE - NEW ZEALAND

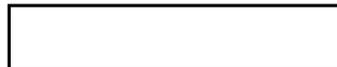
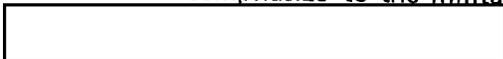
To support Singapore's drive to achieve greater self-reliance, Prime Minister Lee has asked that the 950-man New Zealand military contingent stationed in that country be withdrawn at Wellington's convenience. Although Lee set no deadline, he said "this kind of symbolism" was no longer possible.

The move of the battalion, which has been stationed in Singapore since 1971 under the terms of the Five-Power (Australia, New Zealand, Malaysia, Singapore, and the UK) Defense Arrangement, will apparently be delayed, at New Zealand's request, until 1978.

With the withdrawal of the UK contingent completed earlier this year, Lee apparently concluded that the military applications of the arrangement had lapsed, and he is now dismantling one of its last remaining vestiges. No mention has been made yet of the future status of the detachment of the Royal Australian Air Force, which deploys from Butterworth Airfield, Malaysia, to Singapore on a rotational basis, or of future Commonwealth ship deployments to Singapore.

Singapore has been reevaluating its security situation since the communist take-overs in Indochina, and Lee has opted for a more self-reliant posture. This stance has been most noticeable in the across-the-board effort to upgrade Singapore's military capabilities. Training activities abroad have been significantly expanded, and a large-scale arms acquisition program is under way. The removal of the New Zealanders will reemphasize to the military a need to improve their own capabilities.

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MALAYSIA

In the first freely contested elections in Sabah since 1967, the opposition Berjaya Party, led by Tun Mohamad Fuad, defeated the ruling coalition of the powerful Tun Mustapha.

The upset, climaxing the federal government's efforts to reduce the power of the recalcitrant Mustapha, the state's former chief minister, seriously erodes his power base and will probably result in better harmony between Kuala Lumpur and the state government.

The election was held under the tightest security in years to prevent election irregularities. Of the 48 contested seats, Berjaya has won 27 and may gain another when the ballot count is complete. The majority party has the right to appoint an additional six members; thus Berjaya will have at least 33 of the 54 seats. The new state cabinet was sworn in on April 15.

Although Berjaya's victory will be welcome in Kuala Lumpur, it raises some problems. The 16 members of the Federal Parliament from Sabah are members of Mustapha's coalition, having been returned in national elections in 1974. They remain theoretically responsive to Mustapha, despite Berjaya's control of the State House. Furthermore, there is no guarantee that Berjaya will defer to some federal interests, such as relinquishing state control of Sabah's oil production to the national oil company, Petronas.

Mustapha's defeat will be heralded in Jakarta and Manila, both of which have been angered over his support to the Philippine Muslim movement. There is no assurance, however, that aid to the Muslims through Sabah will be curtailed.

the dormant Philippine claim to part of Sabah State remains unresolved. Nevertheless, the Philippine Muslim problem may become less of an irritant in relations between Malaysia and the Philippines with Mustapha eclipsed.

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ARGENTINA

The military government met, with minimum use of force, an early test of its ability to control labor under the recently announced economic austerity program. Troops stopped a wildcat strike at the General Motor Buenos Aires plant last Monday. Although some arrests were made, apparently there was no major public reaction.

Further government-labor confrontations may lie ahead. Slowdowns and extensive production sabotage have been reported at other automotive plants in Buenos Aires and Cordoba. Absenteeism, which dropped sharply following the March 24 coup, is rising again. Ford workers in Buenos Aires are rumored to be set to demand a 40-percent wage hike, an increase vastly in excess of wage-increase levels envisaged in the stabilization program.

Labor problems in the automotive industry are especially touchy because the plants are foreign-owned. Potential foreign investors that the government hopes to attract will be observing how vigorously the government deals with troubles in these plants. Moreover, automotive products are important earners of urgently needed foreign exchange.

Success of the government's key program to restore economic stability will depend on its ability to keep labor in line. The government has indicated that it will be firm in handling labor problems, but if disruptive actions continue, more repressive measures will be needed. Greater repression in turn could strengthen popular support for leftist movements and make the government's other main task—the containment of terrorism—more difficult.

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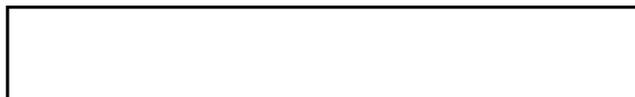
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