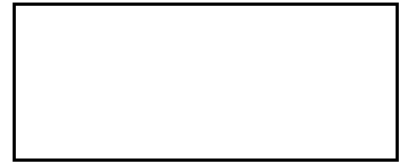


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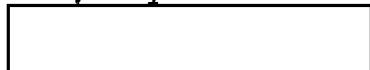
South Vietnam: President Thieu's new "austerity" taxes on most imported goods have provoked harsh criticism throughout the country.

The decree, which was issued on 23 October, produced almost immediate public alarm and extensive hoarding, and, as a result the prices of most basic consumer goods, domestic and imported, have soared. Sharply worded attacks on Thieu's decree have come from both progovernment and opposition politicians, as well as the press.

According to a US Embassy survey, many Vietnamese believe that the measure hurts the poor far more than the rich, and that the government should have warned the public. In addition, some Vietnamese are saying that the new cabinet, which was to give first priority to solving the country's economic problems, now has actually worsened the situation.

The most violent reaction has come from the National Assembly where both houses have passed a series of resolutions condemning the tax increases, and accusing the Thieu administration of acting unconstitutionally by failing to consult the assembly. Some deputies are trying hard to have the decree annulled, but there seems little likelihood of this. The Supreme Court has been petitioned for a ruling but in the past it has shied away from such questions.

President Thieu devoted part of his National Day speech on 31 October to explaining the country's economic problems and threatened to resign if his austerity measures were not allowed to go into effect. The government is claiming that prices will go down in the near future, which would probably result in the subsiding of public furor. For the moment, Thieu's relations with the assembly are at an all-time low, and his legislative programs, particularly the budget and land reform bills, may well face rougher treatment in the future.



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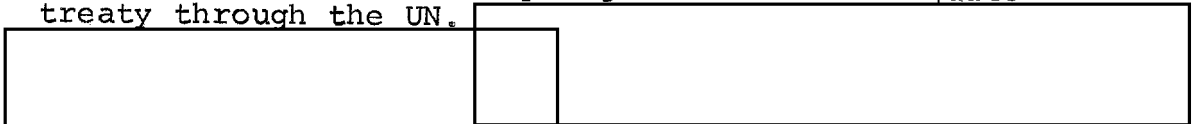
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Arms Control: Prospects for the seabeds treaty have been improved by the last-minute Soviet concurrence in revisions to the draft.

The revisions--including the deletion of a provision that the superpowers could veto amendments to the treaty--are designed to increase the draft's acceptability to the nonnuclear states. The other members of the Geneva disarmament conference have welcomed the new draft, but some have indicated they will offer further revisions when the treaty is debated at the UN General Assembly later this month.

The focal point of the Assembly debate is likely to be the verification procedures outlined in the draft treaty. Canada and Brazil are certain to press for coparticipation rights for a coastal state in any observations for treaty compliance off its shores. Their position reflects a concern that advanced nations could exploit the natural resources on the continental shelves of less advanced countries in the guise of verification activities.

The Geneva conference concluded its work for the year yesterday with final approval of its report to the General Assembly. The final sessions were characterized by a sharp improvement in the mood of the nonnuclear members, partially as a result of the announcement on the strategic arms limitation talks. Their general receptivity to the revisions of the seabeds draft is likely to deflect criticism that the superpowers are attempting to ram an inadequate treaty through the UN.



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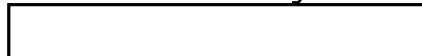
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European Security: Much as expected, the Warsaw Pact Foreign Ministers' meeting, held on 30-31 October, issued a moderately phrased call for an East-West Conference on European security.

The meeting proposed that a conference open in Helsinki next year. It suggested a two-part agenda including the renunciation of the use of force, and expansion of East-West European commercial, scientific, and technical cooperation. The ministers advocate bilateral and multilateral consultations among interested states to promote agreement, and emphasize that all issues, whether of agenda, range of participants or manner of convening the conference, are open for settlement. Even the touchy subject of US participation is left to the decision of the interested nations.

This low key proposal is obviously designed to elicit a positive response from the NATO Foreign Ministers meeting in December.



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Venezuela: The nationwide teachers strike now under way may unite educators and students in common cause against the Caldera administration.

The 56,000-member teachers federation declared the walkout--the first nationwide strike faced by the administration--on 30 October after several months of unsuccessful negotiations with government officials. The teachers are demanding that the present minimum wage be doubled within three years and that special bonuses be granted. Government officials have turned down the demands because of the tight fiscal situation, and the labor minister has declared the strike illegal.

Venezuela's three labor federations are supporting the teachers' demands and radical students, who demonstrated violently against the government earlier this week, have also pledged their support. [In a move designed to forestall further violence, the government yesterday ordered the military to occupy the university campus in Caracas. Extremist student leaders may be able to exploit this intervention, however, to generate more widespread support for renewed antigovernment demonstrations.]

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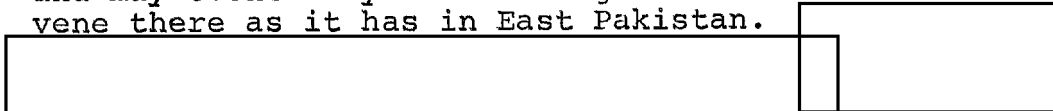
Pakistan: The authorities are being forced to intervene as labor difficulties become increasingly disruptive to industrial activity.

Jute and textile mills have been the hardest hit by the continuing strikes and lockouts, which are prohibited by martial law. Workers are protesting inadequate pay or lack of coverage by the hastily drafted minimum wage ordinances. Management is objecting to official wage, price, and tax policies.

Until recently, Rawalpindi maintained a hands-off policy on labor problems, having several months ago transferred responsibility in this area to provincial authorities. The central government was finally forced to resume a direct role when textile negotiations between East Pakistani union, management, and provincial government representatives reached a complete impasse. Government referral of the dispute to the courts suggests that the regime wants to replace forcible strike-breaking with arbitration by an "impartial" third party, with the decision binding on all parties.

Other industrial problems in East Pakistan continue unabated. The seriousness of the situation was underlined recently when East Pakistan Governor Ahsan met with local industrialists who complained of drastically reduced output, described bitter conflicts between rival labor unions, and pleaded for personal protection.

In West Pakistan, the situation has not deteriorated as far, although industrial disputes have reduced productivity. Labor unrest is reported increasing in the Lahore and Karachi areas, however, and may eventually force the government to intervene there as it has in East Pakistan.



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Tunisia-Algeria: Relations between the two governments, frequently strained by border difficulties and other contentious issues, seem to be improving.

A Tunisian Foreign Secretariat official says his government hopes that an all-inclusive agreement with Algeria will be signed by the end of this year. Although negotiations for such an agreement foundered last spring, the Tunisian official believes that the Libyan coup may have pushed both governments into proceeding with more urgency.

Tunis and Algiers have recently made significant gestures toward furthering better relations. The Algerians sent relief supplies to flood-ravaged Tunisia even though they have had their own devastating floods. Boumediene also dispatched his minister of the interior to Tunis early last month to see what other cooperation could be proffered. For his part, Tunisia's President Bourguiba selected one of his closest associates to be his personal representative at Algeria's national day celebrations today.

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Lebanon: Fatah leader Yasir Arafat's arrival in Cairo last night just before the scheduled departure of the Lebanese Government representatives suggests an agreement between the fedayeen and Lebanese authorities may be in the making. Whether Arafat intends to press for full freedom of action for the fedayeen in Lebanon or accept something short of this remains uncertain. President Hilu is aware that Lebanon cannot contend with increased fedayeen-Arab pressures and that he is at best fighting a delaying action hoping to avoid a complete capitulation to the fedayeen.

[REDACTED]

* * * *

Libya: Some members of the governing Revolutionary Command Council would like to convert Wheelus Air Base into Libya's principal military base [REDACTED] As of 24 October, they recognized that this would require an orderly transfer of functions. This suggests that the Libyans, who on 30 October asked for an "early and voluntary" US withdrawal, may avoid pushing for immediate evacuation unless they become trapped at some point in their own propaganda. They may push for an early opening of discussions, however, in order to satisfy political pressures, and may also soon begin stationing ground troops at Wheelus.

[REDACTED]

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