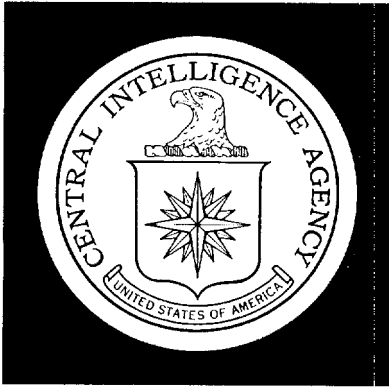


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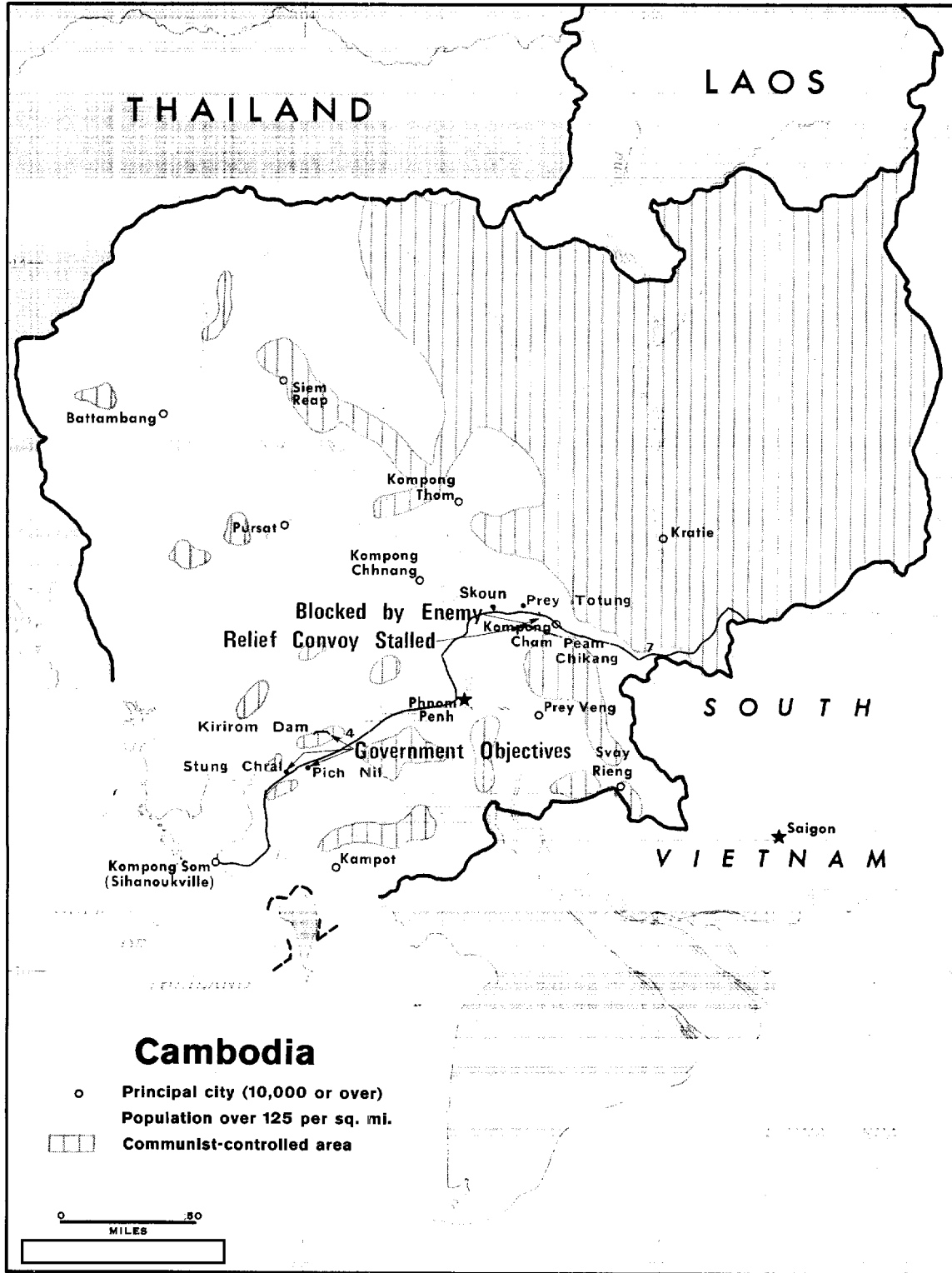


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Current Situation



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CAMBODIA: Government forces attempting to relieve Communist pressure near Kompong Cham city are making little headway.

A 16-ship relief convoy bound for Kompong Cham is still stalled on the Mekong River at Peam Chikang, 20 miles southwest of the city. Enemy attacks on the convoy on 22 November caused heavy damage to two ships, killing four Cambodians and wounding 52.

The convoy now is awaiting orders whether to proceed north or return to Phnom Penh. If it turns back, Kompong Cham city will continue to rely on air drops because the threat of Communist harassing fire is deterring cargo planes from landing at its airfield. Elsewhere in the province, government reinforcements trying to move east along Route 7 and reopen that road between Skoun and Kompong Cham have not yet been able to do so because of the presence of enemy troops near Prey Totung.

In the southwest along Route 4, Cambodian Army soldiers reportedly are moving to retake government positions in the Kirirom area that fell before coordinated Communist attacks last weekend. [redacted]

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[redacted]
[redacted] The loss of the Kirirom plant will not seriously affect Phnom Penh's power supply. The loss of the cartridge factory--which apparently was largely destroyed by retreating Cambodian troops--also is not a major blow. [redacted]

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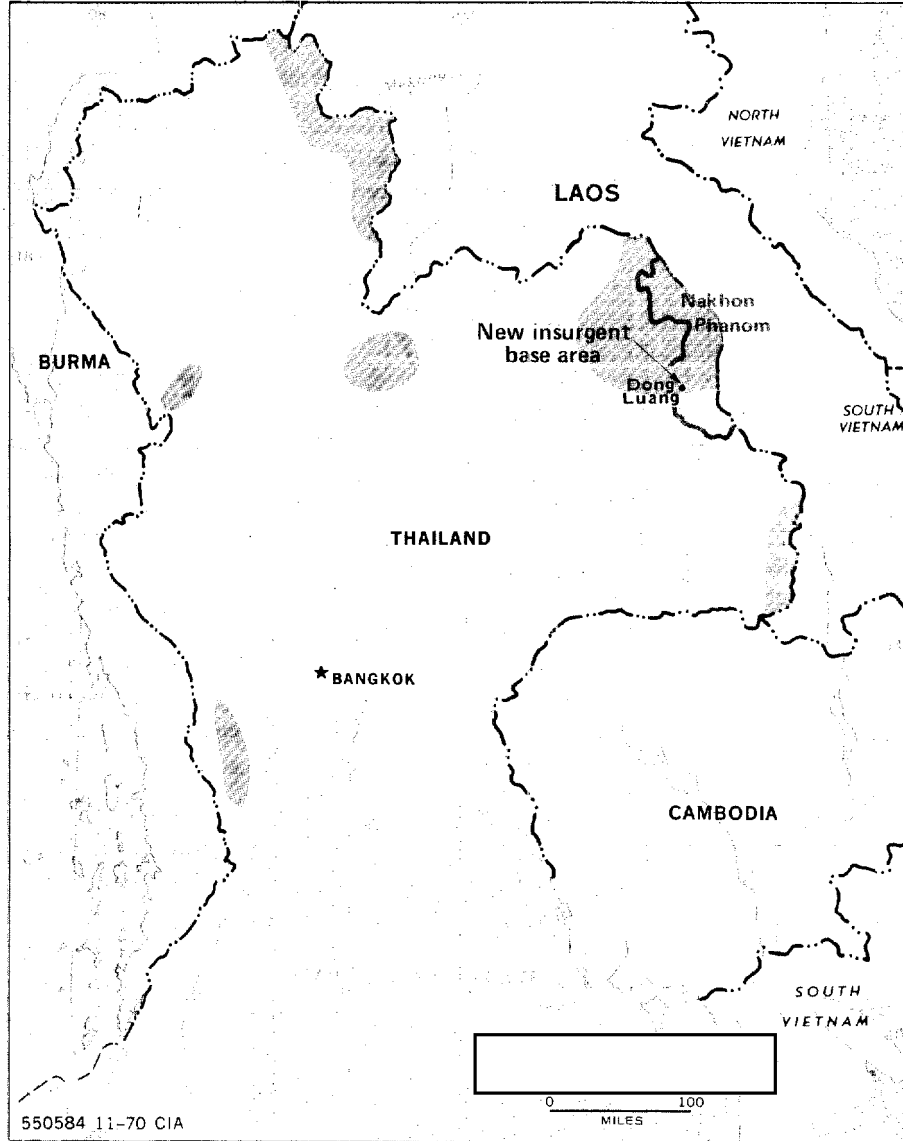
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Insurgents Establish Base Area in Northeast



Area of insurgent activity

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THAILAND: The insurgent movement in the northeast is continuing to rebound from the setbacks suffered during the 1967-68 period.

During the past rainy season, the insurgents concentrated on improving their organization and village support network in traditional operating areas. There is evidence, however, that for the first time in the northeast, the insurgents have established a secure base, in the Dong Luang area of Nakhon Phanom Province. This region has been the most active insurgent area since the movement in the northeast began in 1965.

In addition to supporting the training and indoctrination of insurgents and the filling out of quasimilitary village units, the base has facilitated an increase in external support for the insurgency. Chinese AK-47 rifles reportedly have been infiltrated into the region from Laos in increasing numbers, and there are indications that more Thai cadre who have been training in China and North Vietnam are returning to the area. There is also limited evidence suggesting an increase in the links between insurgents and their sympathizers in urban areas.

Despite their improved capabilities, the insurgents so far have avoided large-scale or highly visible actions. Increased terrorism and harassment of the government's fledgling village defense forces are designed to gain the initiative without prompting a major government counteroffensive. Such tactics are effectively playing on both Bangkok's belief that the insurgency in the northeast is well in hand and the Thai Army's desire to turn over its counterinsurgency role to police and civilian agencies.

With the deteriorating situations in Cambodia and Laos providing the pretext, the 2nd Army has

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since mid-summer reduced its counterinsurgency force commitment in the northeast by two-thirds, or to less than 1,000 troops. Moreover, the army now is under orders to engage in suppression operations only in response to emergency situations. [redacted]

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AUSTRALIA: Despite a loss in popular support, the Liberal-Country coalition government will continue to control the Senate with the support of the small Democratic Labor Party.

Final results of the 21 November elections for 30 Senate seats (half of the Senate membership) will not be available for about two weeks, but indications are that the government and Labor opposition lost one seat each with the Democratic Labor Party and independents profiting at their expense. By present count, the new Senate line-up should be government 26, Labor 27, Democratic Labor five, and independents two.

The government registered the lowest share of the popular vote (37.8 percent) in its 21 years in power. The Labor Party, although winning more votes than the government, still showed a decline since the 1969 elections for the more important House of Representatives. It took its principal losses in the state of Victoria, where the electorate is concerned over Communist and leftist strength in the Labor Party apparatus. The Democratic Labor Party, which is strongly anti-Communist, almost doubled its share of the popular vote since 1969--from six to 11 percent.

Although these off-year Senate elections are unimportant in themselves, they provide further evidence that the 1972 elections for the House of Representatives may well put a Labor government in power. The elections also indicate internal party dissatisfaction, which in the interval between now and 1972 could force leadership changes in both the Liberal and Labor parties.

[REDACTED]

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GUINEA: The government continues to reflect fear of new armed attacks following the seaborne invasion of Conakry Sunday by a still unidentified external force, most of which is presently unaccounted for.

Again yesterday heavy firing occurred sporadically in various parts of the capital. These incidents appear mainly attributable to jumpy Guinean Army and militia patrols bent on flushing intruding "mercenaries" from hiding. The government has not, however, produced hard evidence that it has either captured or killed any of the invaders and even the few reported contacts with them are not confirmed. The ships which brought the invaders--almost certainly from Portuguese Guinea--departed at dawn on 23 November.

Heavy contingents of well-armed Guinean regular troops were on guard at all key points in and near Conakry yesterday and roadblocks were much in evidence throughout the city. The government continued to broadcast claims of complete victory, but was also saying "the struggle continues" and warning the populace to be vigilant against possible new attacks.

Most African countries have declared their full solidarity with the Toure government. Nigeria reportedly has offered "military assistance" and Tanzania has said it will make a large cash "donation." Many other countries are organizing supporting demonstrations or committees.

The UN fact-finding mission, authorized by the Security Council early yesterday, has been selected and reportedly plans to leave today for Guinea. The resolution actually adopted by the Council did not link the invading force to any country, although the draft submitted by several African and Asian states echoed Guinea's charge that Portugal is responsible.

[REDACTED]

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CHILE: The Allende government is bidding to solidify labor support.

Government press leaks indicate that its 1971 wage policy will further shift income away from management, and a new "escalator" feature will redistribute income among wage-earners by granting substantially larger increases to lower-paid groups. Prices will be rigidly controlled and companies will be expected to offset the additional profit squeeze by expanding output. The takeover of two partly US-owned companies last weekend may serve as a warning that the administration is willing to force private enterprise to cooperate.

The new government also intends to increase sharply public expenditures to stimulate the economy and reduce unemployment, at a time when revenues will drop because of lower taxable private profits and reduced charges for public services. A large budget deficit, combined with the recent expansion in money supply and the proposed liberal wage increases, normally would produce marked price increases. The government, however, has the means to mask or suppress inflation for a considerable time without resorting to politically unpopular measures.

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COMMUNIST CHINA - USSR: The trade agreement signed yesterday in Peking, the first since 1967, apparently is the product of low-level talks that began last February. Although trade has continued since 1967 without an official agreement, it has declined, reaching an all-time low of \$56 million last year. Details of the agreement, including its duration, were not specified, but the wording of the Chinese announcement suggests that some specific trade items are still under discussion. Nevertheless, agreement on the pact may imply that trade will increase somewhat over the 1969 level. [redacted]

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JAPAN: Because of the slowdown in the economic growth rate, Japanese demand for imported minerals and metals has fallen off. This in turn has contributed to a temporary easing of world coal shortages, particularly in the US, which is a major supplier. Steel production is running three million tons below the target set for the year ending March 1971, resulting in an oversupply of coking coal in Japan. [redacted]

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[redacted] Japan is agreeable to delayed deliveries of US coking coal. Demand for aluminum and copper also has declined, leading to Japanese attempts to defer and, in some cases, to cancel shipments under long-term contracts

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[redacted]

IRAQ: Maneuvering for power continues within the Iraqi Baathist regime, [redacted]

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[redacted] Saddam Husayn Tikriti, the vice chairman of the Revolutionary Command Council (RCC), the real locus of power in the country, is said to be lining up new support and has plans for a cabinet reshuffle. RCC Chairman Bakr apparently is ill, and his death or removal would set off a scramble for position within the council. [redacted]

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[redacted]

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ETHIOPIA: The well-executed ambush on 21 November in which the commander of the army's 2nd Division was killed is the most dramatic success scored yet by the Eritrean Liberation Front (ELF) in its current terrorist campaign. Although ELF guerrillas have staged random ambushes in the past, this one was apparently aimed specifically at the division commander, the highest ranking Ethiopian killed to date in the Eritrean insurgency. The general's death has already sparked heavy army retaliation and is likely to bring renewed pressure on Haile Selassie to establish total military rule throughout Eritrea. The Emperor has not favored such a step, although he recently permitted the army wider latitude in provincial affairs. [REDACTED]

[REDACTED]

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NIGERIA: Key labor groups are threatening a nationwide walkout for 1 December unless the government orders an interim wage increase recommended by a study commission. Wage earners have been hit hard by inflation since the end of the civil war and are now also feeling the pinch of year-end taxes and school levies. In addition, rank-and-file unionists are increasingly distressed over the growing number of violent incidents between civilians and restive, underemployed soldiers. If the strike is called, the workers may gain support from the general public, which is already disaffected by the army's attacks on civilians. This could present a serious problem for General Gowon's military government.

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SOUTH AFRICA - MALAGASY REPUBLIC: Officials have signed economic aid agreements worth almost \$6.5 million. Half of the money will come from private South African sources and half from the South African Government. The loans will be used to develop a tourist complex in northeastern Madagascar. Coming in the wake of Ivory Coast President Houphouet-Boigny's call for talks between black- and white-ruled states, these agreements are likely to strengthen further Prime Minister Vorster's hand domestically in pursuing his "outward-looking policy." Malagasy officials, although effusive in their gratitude for aid, nevertheless gave no indication that they are ready to move beyond the economic agreements to establish diplomatic relations with the South Africans.

[REDACTED]

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LIBERIA: The expansion of the port at Harper will further strain Liberia's already overburdened budget. The port now handles only about five percent of the country's general cargo traffic and no large increase is foreseen unless substantial economic development is undertaken in the area it serves. Harper, on the other hand, is President Tubman's birthplace, and development of the port has been a pet project of his for a number of years. Liberia acquired a \$15-million loan from a group of Belgian bankers for the expansion. The terms of the loan have not been reported, but scheduled payments on the government's existing heavy debt amount to about 20 percent of anticipated annual revenue through 1974.

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