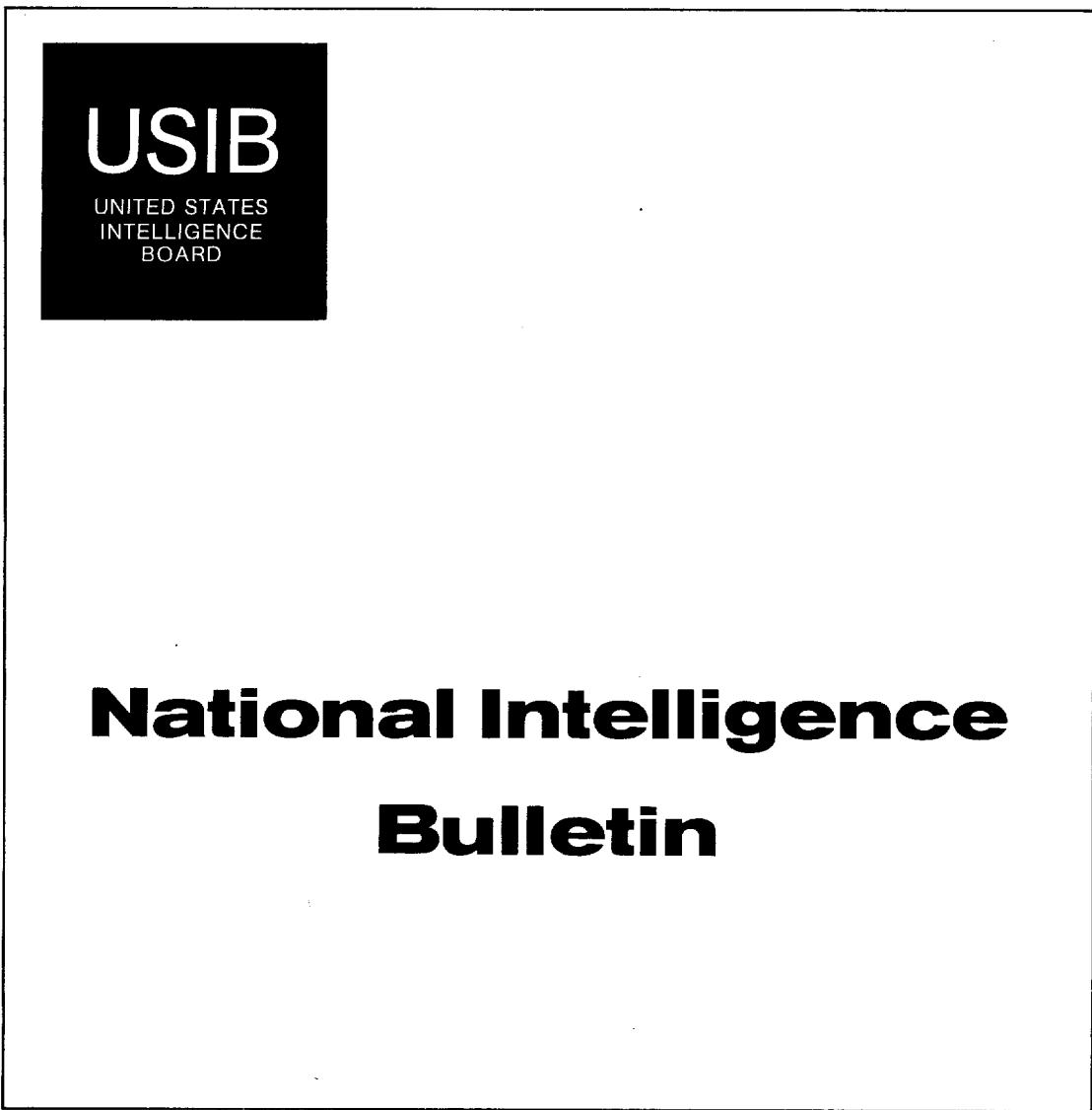


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LEBANON

Fighting diminished in all sections of Beirut yesterday following an early morning announcement of yet another cease-fire. Prime Minister Karami has threatened to resign if this agreement is not respected.

Karami won approval of the accord at a meeting Wednesday of Lebanese leftist and Muslim politicians and representatives of the PLO, the Lebanese internal security force, and the Lebanese army. Leaders of the large Christian political parties did not attend, but had offered assurances that they would respect a new cease-fire.

Prior to the cease-fire, the Christian militias were gradually being driven from their forward positions in central Beirut and the city's western hotel district. These setbacks resulted from the continued strengthening of leftist forces with increased numbers of commandos from the large fedayeen organizations.

Christian elements reportedly withdrew and allowed internal security force units to replace them in one major hotel, and were negotiating a similar withdrawal from two others. Leftist forces reportedly also withdrew some distance, but were left in a stronger position than before the clashes spread into the hotel district last weekend.

The Phalangists may now be willing to engage in more serious political negotiations. At a minimum, a round of private talks would allow time for the Phalangist militia to regroup and obtain additional arms and ammunition.

The terms of the latest cease-fire are much like those of previous accords, although they include a threat that the government radio will for the first time publicize the identity of persons or groups responsible for cease-fire violations. Although this tactic ordinarily would not intimidate the offending parties, they may in this case be sensitive to the fact that Karami has identified himself with this novel scheme.

Karami almost certainly does not want to resign. He presumably put his job on the line to demonstrate that he has run out of ideas for solving the present crisis, but in the expectation that he would be urged to stay on. In fact, Syrian Foreign Minister Khaddam, Socialist leader Kamal Jumblatt, and PLO chairman Yasir Arafat immediately appealed to Karami to remain in office.

Arafat reportedly played a central role in negotiating the new cease-fire

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Violations of the agreement by the Lebanese radicals and fedayeen rejectionists—if it is respected by others—could be interpreted by Arafat as a slap at him, and could ultimately lead to more forceful efforts by the major Palestinian groups to control the rejectionists.

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SPAIN

Spain's pressing need for an active head of state, plus the near certainty that Franco will not recover, apparently convinced Prince Juan Carlos yesterday to accept once again designation as temporary chief of state.

Prime Minister Arias and other high officials have reportedly been urging the Prince to follow this course for several days. The need has grown more acute during the past few days because of the divisive struggle within the government over policy toward the Spanish Sahara.

Juan Carlos had been resisting the temporary arrangement because of his experience in similar circumstances in the summer of 1974, when he was only a figurehead. He is concerned that a repeat would damage his reputation as a leader and the future of the monarchy in Spain. It seems likely that Juan Carlos has accepted the temporary arrangement again only because of a tacit understanding that his rule will be "temporary" in name only.

Following a meeting yesterday with Juan Carlos, Arias sent a telegram to the president of the parliament, informing him that Article 11 of the constitution had been invoked. The article provides for temporary assumption of power by a designated successor during a chief of state's illness. This telegram fulfills the legal requirements for Juan Carlos to take power for as long as Franco remains ill. Juan Carlos is expected to preside over a cabinet meeting today.

Should Franco die or be declared incapacitated, the three-man Council of the Regency would take over the routine functions of chief of state until Juan Carlos has been formally sworn in as King Juan III.

Franco continues to surprise his doctors. His medical team—now expanded to 17 doctors—is agreed that he cannot recover, but the doctors are no longer willing to predict how long he will hold on. Franco is lucid most of the time. He has had no major surgery, and medical machines are not being used to keep him alive.

[Redacted]

Franco's lingering illness has encouraged speculation over the changes that will be made when Juan Carlos takes over permanently. Over a dozen candidates have been mentioned as possible replacements for Prime Minister Arias, but Juan Carlos may conclude that in the interest of maintaining a smooth transition it would be better to retain Arias for a period.

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The Spanish government has sent security reinforcements to the French border in response to an announcement that French leftist groups will stage a march on November 1. [redacted] the march is 25X1 DIA planned to end at the border, where there will be demonstrations, bonfires, and possibly the launching of balloons with propaganda leaflets into Spain.

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[redacted]

SPANISH SAHARA

Talks on Spanish Sahara among Spanish, Moroccan, and Mauritanian officials were suspended yesterday after two days without any sign of progress.

Although Moroccan Foreign Minister Laraki, in his departure statement, characterized the negotiations as "very advanced," he defensively claimed Algeria's representations made by the Algerian delegation in Madrid were totally discounted. He reaffirmed Morocco's opposition to including Algeria in the talks. The Algerians, led by Interior Minister Abdelghani, one of President Boumediene's closest advisers, have been holding parallel talks with Spanish officials and were still in Madrid when the Moroccan delegation left for home.

Abdelghani presumably is reiterating Algeria's position that the principle of self-determination for Spanish Sahara must not be ignored. Algerian Foreign Minister Bouteflika is apparently making similar demarches to UN Secretary General Waldheim in New York.

Algeria opposes turning the territory over to Morocco and Mauritania without first giving the Saharan people a free choice. Saharans would almost certainly opt for independence in any fair referendum.

A senior Algerian official recently told the US ambassador in Algiers that, once the Saharans choose their own future, some arrangement should be worked out between an independent Sahara and its neighbors. Although he did not elaborate, he may have been referring to a proposal Algiers floated last year. The proposal suggested a referendum be held under UN auspices, leading to an independent Spanish Sahara guaranteed and supported economically by Spain and the three neighboring African states. Although such a solution might be acceptable to Madrid and possibly Nouakchott, Rabat would reject it out of hand.

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ISRAEL-EGYPT

The first ship carrying cargo bound for Israel since 1956 is scheduled to transit the Suez Canal today. Cairo's agreement to permit such cargoes to transit the canal was one of its major concessions to Tel Aviv in the second Sinai disengagement accord.

The Greek-flag freighter apparently will deliver a load of cement from Romania to the Israeli port of Eilat on the Gulf of Aqaba.

Transit of an Israel-bound cargo has been postponed several times, usually at Egyptian request. The decision to go ahead now, while President Sadat is in the midst of his trip to the US, suggests Cairo hopes that Arab news coverage of the transit will be overshadowed by reports of the US visit. The Egyptians probably also calculate that coverage of the transit by US media will help Sadat score points with his US audience.

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CANADA

Canada is considering reducing its UN peace-keeping contingent in the Middle East.

A Canadian proposal to the UN Secretariat calls for the withdrawal of 120 men from the communications function and 150 men from the disengagement observer force. As compensation for the proposed reductions, Ottawa has offered to increase the air unit by 50 personnel and four helicopters. Ottawa is claiming that its specialists are needed in Canada in connection with the Olympics to be held next summer.

In informal discussions with the US embassy, Canadian Director for Defense Relations Marshall has stressed that no cabinet decisions have been made and that the US reaction will be considered before final steps are taken.

Ottawa's decision will be influenced by the availability of a replacement contingent that is both technically capable and politically acceptable. Australia would be a candidate, but the Canadians have not yet approached Canberra. Another factor is Moscow's reaction; negotiations that eventually produced the Polish-Canadian force were complex, and the Soviets could raise difficulties over the Canadian proposal.

Marshall implied that a US approach to Ottawa could influence the cabinet to forgo cuts for now. He also said no thought is being given to reducing Canadian forces on Cyprus.

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PORTUGAL

The Portuguese government, which has had some success in recent days combating military indiscipline, was presented with a new challenge yesterday when Lisbon's main arsenal was seized by troops charged with its security.

The troops issued a statement saying they had too few men to guarantee the security of the arsenal. Their action probably is related, however, to wider concerns expressed by leftist military elements over demobilizations. Eighteen percent of the army will be discharged today, and another 9 percent is scheduled for demobilization on December 2. The left has protested that these reductions are designed to transform the army into a reactionary corps.

Leftists in the military have been losing momentum recently, and efforts to keep pro-government military regional authorities under pressure have been somewhat less than successful. Two rallies this week sponsored by radical military elements were poorly attended and unimpressive. In contrast, anti-Communists in the military appear to be organizing themselves more effectively. Officers sympathetic to the anti-Communist faction of Foreign Minister Antunes have formed a "Single Military Front" to combat leftist attempts to bring down the Azevedo government.

The left also is losing ground on the civilian front. Dissident employees of a Communist-influenced Lisbon newspaper occupied the paper's editorial offices on Wednesday and demanded the removal of the left-wing management. Earlier this week, the anti-Communist employees won by a 4-to-1 margin a vote to dismiss the pro-Communist management committee.

The Azevedo government is unlikely to move against the anti-Communist workers because their action falls in line with its recent efforts to loosen the Communist grip on the press. The government might even use the incident as an excuse to revamp the management of other left-leaning newspapers. The left-wing press has been largely responsible for stirring up political tensions in Lisbon and spreading reports of alleged plots to return the country to right-wing rule. Yesterday, for instance, left-wing newspapers gave wide play to a communique from a new radical military group, the Air Force Revolutionary Vigilance Committee, that accused air force leaders of planning a right-wing coup.

The statement cited the transferral of aircraft and weaponry, the intensification of training for air force personnel, and the persecution of "progressive" soldiers as proof of a plot. These charges are probably related to air force action in moving planes and other equipment from the Lisbon area to guard against sabotage in the event of a leftist move to take over the capital. While the chances for such a take-over seem to have receded, the air force high command reportedly still expects a leftist attempt to eliminate the relatively conservative air force.

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CHINA

Peking apparently has decided to shift some provincial party chiefs. Thus far, we have information on only one three-way shuffle, but the moves reportedly will be more widespread.

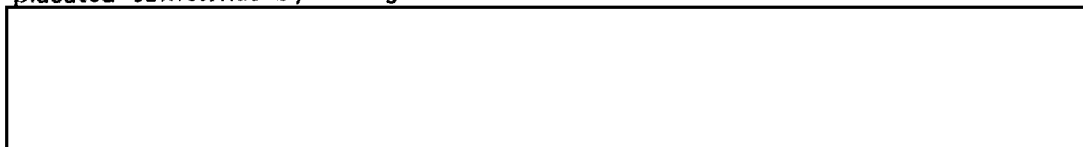
Politburo member Wei Kuo-ching, long-time party boss of Kwangsi Province, was identified on October 29 as the new chief of Kwangtung Province. The former Kwangtung boss reportedly will move to the top job in Szechwan, and the Szechwan leader will go to Kwangsi.

Wei's transfer, in particular, seems to be a step up. A member of the Chuang ethnic minority group, Wei is the first minority leader to be put in charge of a predominantly Chinese province. He was party boss of Kwangsi prior to the Cultural Revolution and is the only provincial party boss to have survived that ordeal without at least temporary removal from his province. He has shown himself to be a capable administrator under extremely difficult circumstances; Kwangsi was one of the few provinces that followed Peking's directives to the letter during last year's anti-Confucius campaign.

Although Wei's transfer to more important Kwangtung may be a reward for his past performance, it is probably also related to the presence in that province of Politburo member Hsu Shih-yu, a military man who commands the Canton Military Region. Peking probably wanted a Kwangtung leader of equal party status to that of Hsu to act as an effective civilian counter to him. Wei also retains his earlier position as first political commissar of Hsu's military region.

According to some Chinese officials, more transfers are in the offing in an effort to prevent the provincial leaders from developing independent power bases. This rationale seems to fall short in the case of Wei and the two others involved in the current shift. Wei is merely moving to a contiguous province, and the Szechwan party leader has been in place only three years; he was originally stationed in southeast China, the area to which he is now returning.

A widespread shift of provincial party leaders, most of whom are civilians, could be intended as a sop to the military. Several military men at the regional and district level have been relocated to remove them from their power bases. These transfers were probably not popular with some military men, but they may be placated somewhat by seeing similar rotations among their civilian counterparts.



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OMAN-IRAN

The combined Iranian-Omani offensive in Dhofar has been successful during its first two weeks, and the Omanis are optimistic that the rebels can be defeated in this campaign.

Omani troops near the border have seized several large arms caches and have cut rebel supply lines from South Yemen, depriving the rebels of critical sources of water. The guerrillas are now boxed in on three sides by Iranian and Omani troops who are preparing to assault their main supply caves.

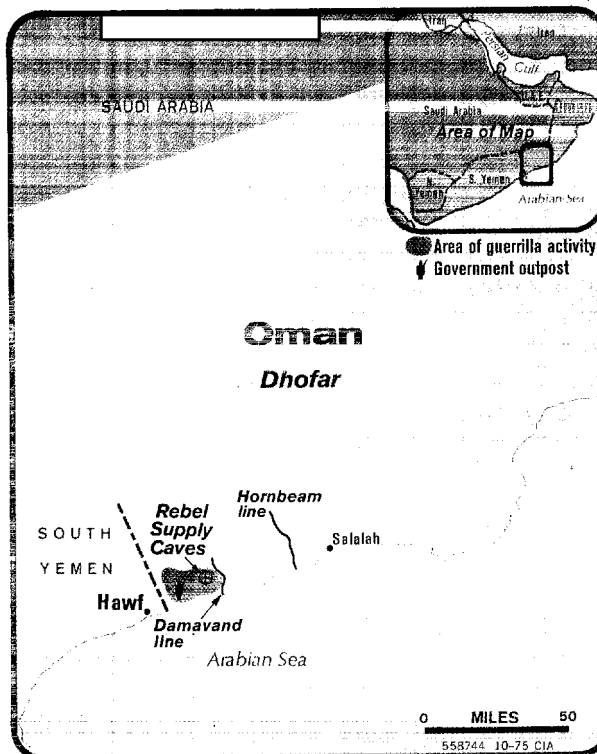
The rebels can still inflict heavy casualties on government forces, but there is little doubt that a military solution to the rebellion is within Oman's grasp.

The military wing of the Popular Front for the Liberation of Oman will soon cease to be an effective fighting force unless it receives substantial reinforcements. Rebel fighting strength is estimated to have dwindled over the past 18 months from about 1,000 to fewer than 300 men. Defections are steadily increasing, local tribesmen are less willing to serve in a support role, and the estimated 350 South Yemeni irregulars serving with the rebels have been reluctant to enter battles.

The increasingly shrill rebel pleas for help from other Arabs have produced some Libyan arms, but little else. Oman has been able to convince the moderate Arab governments that recent rebel charges that Iranian troops are on South Yemen soil are untrue.

South Yemen—the Front's principal backer—apparently moved some forces to its Sixth Governorate adjoining Oman but has shown no sign of intervening on behalf of the rebels. A meaningful military response is probably beyond Aden's capability.

Aden may find comfort by accepting a long-standing Saudi-Egyptian offer to provide economic aid in return for an end to its support of the rebellion. The South Yemenis would thereby realize some gain from a development that it seems



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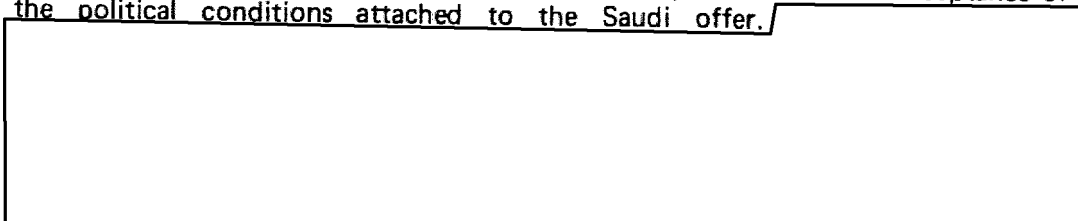
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powerless to reverse. Aden for the first time reportedly seemed more willing to cooperate in helping resolve the Dhofar problem when the subject came up at an Arab League meeting in Cairo last week. Meanwhile, Oman has assured Aden that Muscat seeks only an end to that support and not wider war or the toppling of the government in Aden.

There is no evidence that leaders of the Popular Front have made peace overtures, either directly to Omani leaders or through intermediaries. They could opt simply to withdraw into the hills or into South Yemen, effectively ending their military effort but seeking no formal accommodation with the government of Sultan Qabus. This would be an ideal course of action from Aden's point of view. It would be absolved from having to choose between military intervention or acceptance of the political conditions attached to the Saudi offer.

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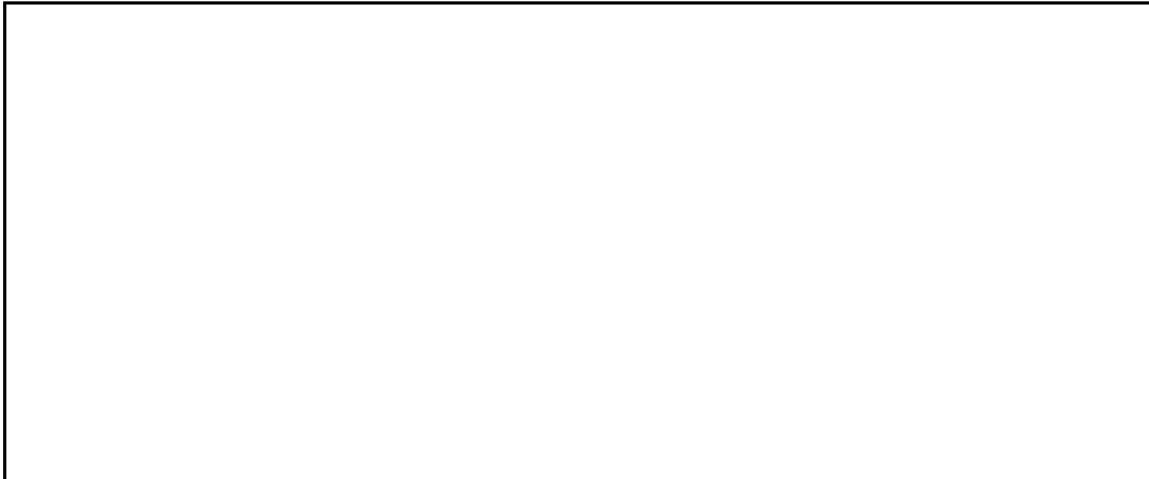
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ANGOLA

The National Union for the Total Independence of Angola and the National Front for the Liberation of Angola reportedly are preparing to form a provisional government that would unilaterally declare Angola independent. The move would be aimed at countering an expected similar declaration by the Soviet-backed Popular Movement for the Liberation of Angola.

National Union leader Jonas Savimbi told US officials in London this week that he expects the Popular Movement to claim sole sovereignty on November 11. Savimbi indicated that his group and the National Front intend to declare their own government and continue to fight the Popular Movement while seeking international recognition. Savimbi professed to believe that such a government could win a reasonable amount of international support. Its existence would also provide an excuse for countries to remain neutral if they did not want to recognize a Popular Movement government.



The fighting will continue no matter who claims sovereignty or when. All three liberation groups have unequivocally rejected a pre-independence coalition. Between now and independence, the National Front and the National Union intend to mount major offensives designed to discredit the Popular Movement's claims to control all important areas of Angola.

The National Union's secretary for foreign affairs says his group believes it can recapture the port of Lobito and the town of Benguela and reopen the Benguela railroad to Zambian and Zairian traffic.

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The secretary had reservations about the National Union's future relations with the National Front, however, and those reservations are undoubtedly shared by Savimbi himself. Relations in the field between troops of the two movements are frequently strained.

Furthermore, the National Union continues to believe an ultimate political settlement must include all three liberation groups, since no single one or combination can expect to govern a country as sharply divided tribally as is Angola. The National Front, however, appears determined to destroy the Popular Movement, despite the fact that the Popular Movement's base of political support will be necessary to run the country.

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ARGENTINA

Hardly two weeks after resuming office in a seemingly conciliatory mood, President Peron has defiantly named a follower of Lopez Rega to the ousted strongman's former post of social welfare minister.

Her choice of Anibal Demarco, a lackluster welfare ministry official, has aroused fears that the residual influence of Lopez Rega—whose role provoked a major crisis last June—is still strong. Some of his followers—such as presidential secretary Julio Gonzalez—remained in office in the wake of Lopez Rega's departure, despite the purge of high-level supporters.

Opposition delayed and almost prevented Demarco's appointment. Peron's decision is particularly inopportune because congress is preparing to launch an investigation into alleged misuse of funds and authority by the ministry under Lopez Rega.

The President, in choosing to ignore overwhelming sentiment against such an appointment, cannot fail to contribute to the hardening of opinion, in and out of government, against her. The decision clearly was made against the advice of her government's top figure, Interior Minister Robledo, who has promised the military he will keep the President in line. If he cannot do so, his own position will be seriously weakened.

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CHILE

President Pinochet has made an abrupt about-face on Chile's controversial decision to vote for a UN resolution declaring that Zionism is a form of racism. The move points up the level of Santiago's sensitivity to US criticism and illustrates again the government's ambivalence in dealing with its growing international isolation.

By stating publicly that he did not approve of his mission's vote, Pinochet appeared to signal a fresh attempt to undo the mounting damage to his country's image among Western nations. Chilean support for the Arab-backed resolution had brought allegations that it was a crass maneuver to gain Arab support in toning down a UN statement condemning human rights practices in Chile.

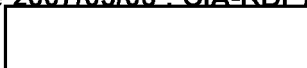
Chilean officials have been desperately seeking new friends and badly needed loans and investment in recent months. Although active courtship of the Arabs has netted little so far, some of Pinochet's advisers evidently thought the UN vote would elicit Arab goodwill prior to Finance Minister Cauas' trip to the Middle East.

Most Chilean diplomats, however, recognized the folly of further alienating US opinion in exchange for slender expectations of support elsewhere, and Pinochet himself has belatedly come to perceive this. Since Chile cast its vote in the Social and Humanitarian Affairs Committee on October 17, Chileans have been stung by press reports that the US intends to suspend all military aid.

As criticism mounted, Chilean Justice Minister Schweitzer, who was visiting Washington, implied that Chile might be reassessing its stand on human rights investigations. He told the press that if the next OAS General Assembly were held in Santiago, the Chilean government would "allow all OAS agencies to see for themselves the human rights situation in Chile." Chile obviously hopes to defuse some of the criticism directed at the junta for its refusal to admit a UN mission last July.



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