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CIA LATE ITEM

IRAN-US: Reactions to Rescue Attempt

Press reports indicate that the Iranian Government has ordered an immediate probe into the aborted US effort to rescue the hostages, but does not intend to make a statement until later today. The militants occupying the US Embassy stated they would issue a communique--if the news were confirmed--specifying what action they would take. In other foreign press reaction, TASS reported without comment Washington's announcement of the reasons for the cancellation of the mission. Moscow Radio, however, has described the rescue attempt as a "provocation." (U)

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SITUATION REPORT	
USSR-AFGHANISTAN	
Soviet Media Coverage	
Soviet media have still not acknowl troops are fighting and dying in Afghani closest Moscow has come to indicating th have been in combat was a Literary Gazette March that described infantrymen clearin bulldozers under occasional fire from "b	stan. The at its troops article in mid- g roads w <u>ith</u>
Western broadcasts about Soviet cas	ualties have

reached Soviet audiences, but much of the popular image of the occupation is based on rumor. To counter this, censors have lifted the ban on all references to the

Soviet military presence. The media are still limited, however, to stories that show Soviet troops providing

essentially civilian services for the Afghans.

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BRIEFS AND COMMENTS

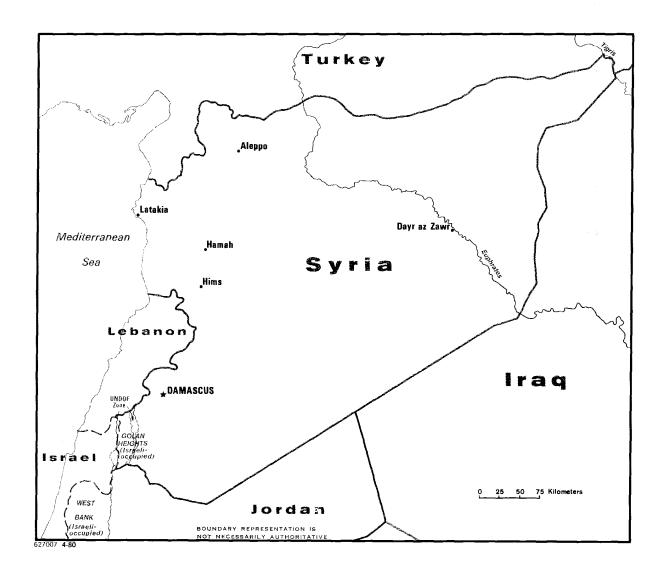
WEST GERMANY - USSR: Possible Visit by Schmidt

Chancellor Schmidt wants to go to Moscow, possibly in June, but he would prefer to go with the blessing of the Atlantic Alliance.

Last week, Bonn confirmed that exchanges had resumed recently with the Soviets on the possibility of a visit. Schmidt is worried about a breakdown in communications between Moscow and the West but wants to avoid any steps the Allies might construe as attempts to deal separately with Moscow. He also hopes to avoid giving his domestic opponents grounds for charging he is appeasing the Soviets.

The Chancellor views the Soviet invitation as an attempt to drive a wedge between Bonn and its NATO allies. He is, therefore, firmly committed to coordinating his trip within the Alliance. He believes the meeting should be carefully prepared and should result in some progress toward alleviating current international tension.

Without such a result, the political risks of a visit would be too great, especially with a federal election set for October. Further soundings, both in Moscow and in the West, will be required before Schmidt can accept the early summer timing proposed by the Soviets.



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SYRIA:	Tension	Continues
DILLI	TERSION	COHLINGS

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President Assad's crackdown in central and northern Syria has ended most of the civil unrest for the moment, but the security situation remains volatile.
The prevailing popular mood in Hamah and Aleppo, where massive force was employed, is said to be one of fear mixed with a desire for revenge. Aleppo University and most secondary schools in both cities remain closed.
A similar crackdown may begin soon in Latakia and Dayr az Zawr. Most dissidents there probably have taken their weapons and gone into hiding until search and seizure operations end.
Isolated acts of terrorism, presumably the work of Sunni Muslim extremists, are continuing. Earlier this week terrorists ambushed a Syrian military officer in Hims, killing two bodyguards.
The regular armed forces have for the most part remained loyal to the regime in the face of the disturbances. Some desertions, however, occurred in the 3rd Armored Division, which was used in the crackdown.
The officer corps is said to be satisfied that Assad remains committed to protecting the institutional integrity of the military. Sunni Muslim officers also believe that their troops are in any event outgunned by the heavily armed Alawite Defense Companies commanded by the President's brother.
Nonetheless, repeated use of the regular Army to repress civilian Sunnis will severely strain the cohesion of the military and increase the likelihood of Sunni troops deserting with their arms to join the opposition.

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YUGOSLAVIA:	Seeking	Western	Arms

Yugoslavia is intensifying its efforts to modernize and diversify its weapons inventory by seeking arms from the West.

With Yugoslav-Soviet relations undergoing some of
their worst strains since the invasion of Czechoslovakia,
Belgrade is anxious to develop stronger military and
economic ties to the West.

Nevertheless, the bulk of Yugoslavia's modern weapon systems--particularly air defense aircraft and missiles--still comes from the USSR. The Soviets recently delivered a Koni-class frigate and may deliver two more. The Yugoslav Army has begun deploying Soviet-built 122-mm self-propelled howitzers in its tank brigades.

Yugoslavia's ambitious modernization program is designed to overcome deficiencies in its antitank and air defense capabilities. Its present inventory is largely stocked with a mixture of unsophisticated weapons. In addition to seeking newer and more effective weapons, the Yugoslavs are striving to improve domestic production of aircraft and naval vessels.

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LIBERIA: Government Excesses		
Civilian cabinet members and civil servants are military government's excesses and by its lack of resmoderate counsel.		
The military People's Redemption Council still defers to civilian expertise on some matters but refuses to acknowledge that its decisions make it difficult for the civilians to maintain popular confidence in the		
government.		
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proximately 4,000 US citizens in Liberia, while safe for the moment, could quickly become endangered if the unsophisticated military leaders determine that official		
US actions do not support their interests.		

Rice shipments received this week have alleviated the danger of food shortages, at least for the moment.

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ZAMBIA: Kaunda and His Critics

Zambian President Kaunda, reacting to extensive criticism of his government and the coup in <u>Liberia</u> , has launched an unprecedented attack on his critics.
At a press conference on Tuesday, Kaunda charged that recent editorials on the Liberian coup in the Times of Zambia were intended to incite the population against him. Kaunda also cited the names of a number of prominent Zambians who he said were plotting his assassination.
Kaunda praised the Zambian military for its loyalty and urged it not to become involved in any antigovernment
and diged it not to become involved in any antigovernment activity.
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Kaunda also said that he soon will introduce new measures to improve the economy and called a meeting of the ruling political party's Central Committee for next week to approve them. The new measures may take some pressure off him temporarily, but sources of discontent are likely to grow as long as the economy continues to deteriorate and fears of hostilities with South Africa remain high.

Kaunda did not mention the Zambian-sponsored UN Security Council resolution passed last week condemning military operations by South African troops in south-western Zambia against South-West Africa People's Organization guerrillas. The government's inability to defend its borders has been another source of discontent.

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VIETNAM: Economic Status Report

Five years after North Vietnam's defeat of South Vietnam, the unified Vietnamese economy is little better than the shambles inherited by Hanoi in April 1975.

The economy has stagnated despite a work force of 53 million, substantial resources, a natural complementarity between the industrial north and the agricultural south, and large amounts of foreign aid. Agricultural failures have prevented any comeback in food production and in living standards from their abysmal wartime levels, increasing Vietnam's dependence on the USSR for the bulk of its annual food imports of 1.5 to 2.5 million tons.

Policymakers in Hanoi have shown little talent for managing a centrally planned economy, and their inability to socialize southern agricultural production has alienated farmers and thwarted development. Additionally, output has suffered because of the expulsion of over 500,000 skilled and entrepreneurial Chinese, as well as over 400,000 Vietnamese. Vietnam also has lost out on trade and aid relations as a result of its increasing isolation from the world economy.

The invasion of Kampuchea has cost Vietnam's economy several years of post-1975 economic development. War mobilization efforts have diverted the Army from its peacetime task of land clearing and infrastructure development, while civilian manpower needed for agriculture and industry has been absorbed by the draft and defense training. The critical transport sector also has been focused on military needs.

Faced with such poor conditions, Vietnamese policy-makers have slightly loosened the tight socialist reins on the economy. We doubt, however, that the small freedoms given the private sector can revive the economy's fortunes or that economic considerations will force a change in Vietnam's policies toward Kampuchea.

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USSR - SOUTH YEMEN: Reaction to Leadership Change

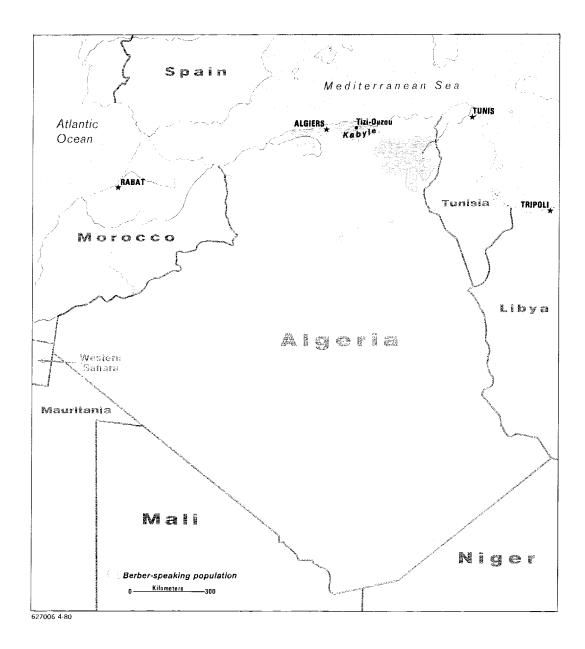
The cautious Soviet reaction to the change in leader-ship in South Yemen probably reflects some concern that factional infighting will weaken the central government. A TASS report Monday on President Ismail's resignation and his replacement by Prime Minister Hasani was factual and noted that Hasani's appointment was temporary. President Brezhnev's congratulatory telegram to Hasani was cool in tone and stressed the continuity of bilateral relations, conveying a strong desire that the status quo be maintained. In responding to Brezhnev, Hasani has endorsed the friendship treaty concluded last year with the Soviets and expressed a desire to see party and government ties grow.

CHINA-ITALY: Berlinguer's Visit

The recent visit to China by Italian Communist Party head Berlinguer has resulted in the reestablishment of official relations between the two Communist parties after an 18-year hiatus and an apparent agreement on additional visits. Berlinguer received head-of-state treatment and talked at length with Party Chairman Hua Guofeng, Party Vice Chairman Deng Xiaoping, and Party General Secretary Hu Yaobang.

The Chinese, in their lavish media coverage, have emphasized opposition the two parties share against one-party primacy in the international Communist movement and their support for the theory of different paths to socialism. Relations have been enhanced by Italian Communist Party denunciation of the Soviet invasion of Afghanistan and by its refusal to attend the Moscow-sponsored Paris conference of European Communist parties. The Chinese, however, indicated opposition to continued Italian Communist Party support for detente.

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The hostages being held at the Domin Bogota could be freed as early as to arrangement that the M-19 terrorists apapproved in principle. Although Colombapparently are still trying to work out the arrangement appears to call for the fly to Havana aboard a Cuban commercial accompanied by the Cuban Ambassador.	minican Embassy morrow under an ppear to have minican negotiators minican details, minican to the second of t



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ALGERIA: Berber Unrest

Heightened nationalist feelings among Algeria's minority Berber population have led to violent clashes this week between demonstrating students and government security forces in the region of Kabyle. The Berberspeaking population--favored under French colonial policy and still overrepresented in Algeria's military security and civil services -- is reacting primarily to the regime's efforts to "Arabize" Algeria's educational system. unrest has led to the closing of the university at Tizi-Ouzou, a general strike in the region, and a ban on movement in or out of the area. The ethnic tension will further complicate President Bendjedid's efforts to solidify his position but in itself does not threaten his hold on power. The senior Berber in the government is Colonel Merbah Kasdi, de facto Minister of Defense and a principal supporter of the President.

URUGUAY: Threat to Normalization

President Mendez's resistance to a new draft constitution is threatening the military's timetable for returning Uruguay to full civilian rule and may result in his ouster. The President's legalistic objections to the constitution are similar to those he has used to try to impede the general elections scheduled for next year. The high command previously has bowed to the President because it feared that he would resign and thus destroy the legitimacy of the military-backed civilian government.

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TUNISIA: Government Changes

President Bourguiba's selection of Mohamed Mzali as prime minister and the replacement of eight other cabinet members clarifies Bourguiba's intention regarding a successor. Bourguiba chose the new Prime Minister after Mzali served a two-month trial period as "coordinator of governmental affairs." Mzali's appointment, however, does not necessarily mean that Bourguiba is ready to allow him to build a strong political base of his own, which he will need if he becomes president.

The chief losers in the changes of the past two weeks are the supporters of former Prime Minister Nouira, who suffered a stroke in February. The new ministers belong to the Destourian Party, which Bourguiba is determined will remain the sole legal party. A few are known as reformers, but their appointment will not placate critics of Bourguiba's authoritarianism.

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