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JANE SCHNELL
OCI
7572
24 OCT 63

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BOOK MESSAGE AS BELOW

SIGCEN

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17-22

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[redacted] BRIEFS (FOR LIAISON) //[redacted] IN SLANTS.

1. USSR MARKING TIME ON BERLIN. MOSCOW APPARENTLY DOES NOT WANT AUTOMAN INCIDENTS TO SPOIL DETENTE ATMOSPHERE, BUT IT HAS MADE NOTICE IT WILL RESPOND VIGOROUSLY TO ANY WESTERN MOVE TO ALTER STATUS QUO, PARTICULARLY IN GERMANY.

2. COMMUNIST AID FOR CUBAN HURRICANE DISASTER. THE SOVIET BLOC AND COMMUNIST CHINA ARE SENDING EMERGENCY RELIEF SUPPLIES. KHRUSHCHEV LETTER HAS OUTLINED OUT PROGRAM TO SUPPLY WIDE VARIETY OF FOOD AND CONSTRUCTION EQUIPMENT AND MATERIALS DURING NEXT YEAR AT LEAST SOME WITHOUT CHARGE. ADDITIONAL AID REQUESTS LIKELY TO BE FORTHCOMING FROM HAVANA.

3. YUGOSLAVIA AND NONALIGNED STATES: BELGRADE'S VIEW NOW IS THAT THE WORLD IS NO LONGER DIVIDED BETWEEN EAST BLOC AND WEST BLOC. IT SEES A POLITICAL DIVISION BETWEEN THREE STATES

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[illegible] FOR "PEACEFUL COEXISTENCE" AND THOSE AGAINST IT, AND AN ECONOMIC DIVISION BETWEEN THE DEVELOPED AND UNDERDEVELOPED STATES. IT WAS [illegible] CONCERNED ABOUT [illegible] FOR [illegible] STATES AS A [illegible] EFFECT WITHIN THE "CAMP OF PEACEFUL COEXISTENCE".

4. TENSIONS RISING IN POLAND. THE REGIME'S STEPPED-UP [illegible] AGAINST THE CHURCH HAS AGGRAVATED THE SULLEN AND ANGRY [illegible] OF INTERNAL ECONOMIC POLICIES. GOMULKA'S PRESTIGE AND AUTHORITY HAVE DIMINISHED SHARPLY, BUT THE POPULATION FEELS [illegible] IS NOT BETTER ALTERNATIVE, AND THAT AN ATTEMPT TO CHANGE THE SITUATION MIGHT PROVOKE SOVIET INTERVENTION.

5. SOVIET-CUBAN MILITARY DEVELOPMENTS. SOVIET MILITARY SHIPMENTS TO PARTICIPATE CONTINUE. THE LARGE BATCH [illegible] CARGO SHIP CHARTERED, PROBABLY CARRYING MILITARY EQUIPMENT, IS SCHEDULED TO ARRIVE IN CUBA 24 OCT.

6. SOVIET ECONOMIC SITUATION: DISAGREEMENT OF THE ECONOMIC SITUATION CAUSED BY [illegible] WHEAT PURCHASES MAY DELAY FINAL ADOPTION OF THE 1966-68 ECONOMIC PLAN. KHRUSHCHEV'S LATEST [illegible] FOR AGRICULTURE AND [illegible] CAUSES A LAST-MINUTE

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REVIEW, BUT SIGNS INDICATE THE PROGRAM IS BEING IMPLEMENTED.

7. //FLOODS IN NORTH CHINA: LARGE AREAS OF THE NORTH CHINA PLAIN ARE STILL COVERED WITH WATER AFTER TWO MONTHS, AND AUTUMN CROPS, ESPECIALLY COTTON, APPEAR TO HAVE SUFFERED A SERIOUS BLOW. WINTER WHEAT ACREAGE WILL PROBABLY BE REDUCED, AND PLANTING DELAYED.//

8. WEST GERMANY: LUDWIG ERHARD HAS TAKEN OVER CAUTIOUSLY, MAKING FEWER CABINET CHANGES THAN EXPECTED AND MOVING CLOSELY TO THE ADENAUER LINE IN FORMULATING HIS GOVT'S POLICIES. BUNDESTAG DEPUTIES FROM OPPOSITION SOCIAL DEMOCRATIC PARTY HAVE STATED PRIVATELY THEY INTEND TO GIVE ERHARD "BREATHING" OF ABOUT SIX WEEKS. ON THE OTHERHAND, ADENAUER'S REPORTED DISSATISFACTION WITH ERHARD'S PUBLIC STANCE SUGGESTS THE NEW CHANCELLOR'S EARLIEST TROUBLES MAY SPRING FROM WITHIN HIS OWN PARTY. (SECRET)

9. ITALY: CHANCES HAVE IMPROVED THAT CURRENT SOCIALIST PARTY CONGRESS WILL FAVOR RECONSTITUTING A CENTER-LEFT GOVT. DRAFTING, NEGOTIATIONS WITH CHRISTIAN DEMOCRATIC PARTY ON DISTRIBUTION OF PORTFOLIOS IN SUCH A GOVT ARE UNDERWAY. PROSPECTS ARE THAT ANY CENTER-LEFT

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[redacted] THAT [redacted] WILL HAVE DIFFICULTY SURVIVING BECAUSE OF THE ANTIPATHY OF LEFTWING SOCIALISTS AND [redacted] CHRISTIAN DEMOCRATS. EITHER OR BOTH OF THESE GROUPS MAY SEE FIT TO VOTE THE GOVT OUT VOTING AGAINST IT ON IMPORTANT LEGISLATION. (SECRET)

10. PORTUGAL: INDICATIONS ARE LISBON IS PREPARING A NEW INITIATIVE IN THE DISCUSSIONS FOR AN EXTENSION OF US AIRBASE RIGHTS IN THE AZORES WHICH EXPIRE IN [redacted]. THERE IS LITTLE LIKELIHOOD THE [redacted] PORTUGUESE WILL [redacted] LEVERAGE THEY FEEL THEY MAINTAIN ON US AS LONG AS THEY REFUSE TO MAKE MORE THAN A SHORT-TERM EXTENSION. THUS, HARD BARGAINING WILL PROBABLY RESULT IN [redacted] OUR WAY [redacted].

11. FINLAND: PRESIDENT KEKKONEN HAS FINALLY ACCEPTED THE RESIGNATION OF THREE LEFTIST TRADE UNION MINISTERS WHOSE MOVE TO LEAVE THE GOVT LAST AUGUST PRECIPITATED THE CABINET CRISIS WHICH IS STILL UNRESOLVED. FORMING [redacted] WILL NOT BE EASY. UNLESS THE IMPASSE IS BROKEN, THE FINNS MAY HAVE TO SETTLE FOR A GOVT MADE UP OF CIVIL SERVANTS. (SECRET)

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12. //A SETTLEMENT OF ISSUES MAY NOW BE REACHED ON THE [illegible] WAS [illegible] US AND EEC AGREED LAST WEEK TO HAVE SECRETARY GENERAL OF GATT APPOINT A NEUTRAL PANEL TO RENDER AN ADVISORY [illegible] OF THE VALUE OF THE CONCESSION APPROVED BY THE TARIFF [illegible] ON US PEANUT OILS WERE WITHDRAWN IN 1962. THIS DECISION IS EXPECTED EARLY NEXT MONTH. COMPLEX PROBLEM [illegible] SETTLEMENT WILL NOT ARGUE THE QUESTION OF WHETHER THE US WILL RATIFY EEC OFFERS FOR OTHER AND MORE MORE IMPORTANT FARM PRODUCTS.//(CONF)

13. MOROCCO: [illegible] CONTINUES ALONG THE MOROCCAN ALGERIAN BORDER, MOROCCO APPARENTLY IS REINFORCING ITS TROOPS ALONG ITS ENTIRE LONG BORDERS. RABAT CLAIMS TO HAVE REPULSED ALGERIAN ATTACKS ON SMALL OUTPOSTS EAST OF TIN-ZOUF, BUT HAS MADE NO EFFORT TO RECAPTURE THE BORDER POST AT [illegible] OF CHAMB-BECHAR. THE ALGERIANS, FOR THEIR PART, HAVE MOVED MORE OF THEIR HEAVY EQUIPMENT AND ARMOR AND THEIR FEW MOSTLY OBSOLETE MIG-15 AIRCRAFT TO THE BORDER AREA, ESPECIALLY IN THE COLOMB-BECHAR AREA. BOTH GOVERNMENTS ARE PRESSING FOR OUTSIDE ASSISTANCE, RABAT FROM WESTERN

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SOURCES AND ALGIERS APPARENTLY FROM EGYPT. MEDIATION ATTEMPTS ARE CONTINUING BY OTHER AFRICAN COUNTRIES BUT HAVE SO FAR FOUNDERED OVER MOROCCO'S REFUSAL TO EVACUATE TWO SOUTHERN BORDER POSTS TAKEN LAST YEAR, AS BEN BELLA DEMANDS.

4. /CONGO/ PRESIDENT KASAVUBU DECLARED A STATE OF EMERGENCY FOR THE CITY OF LEOPOLDVILLE ON 30 OCTOBER AND [illegible] A THREE MAN COMMITTEE UNDER DEFENSE MINISTER ANANY TO RULE UNDER MARTIAL LAW. PREMIER ADOULA IS STILL IN OFFICE, BUT THE EMERGENCY COMMITTEE IS MAKING THE DECISIONS WITH THE BACKING OF ARMY CHIEF MOBUTU. THE COMMITTEE IS FACING MOUNTING LABOR DISSENSION AS LABOR LEADERS HAVE DENOUNCED ITS ESTABLISHMENT. A CIVIL SERVICE STRIKE BEGAN ON 22 OCTOBER AND STRIKING TEACHERS HAVE IGNORED ANANY'S ULTIMATUM TO RETURN TO WORK. LEFTIST EXTREMISTS ARE CONTINUING THEIR EFFORTS TO GAIN POWER. THEY APPARENTLY HAVE SUCCEEDED IN DISAFFECTING SOME OF MOBUTU'S ELITE PARACOMMANDOS AND SEVERAL OF THEM ARE IN BRAZZAVILLE TALKING OF SETTING UP A GOVERNMENT IN EXILE./

15. SOUTH KOREA: FOLLOWING JUNTA LEADER PAK CHUNG-HUI'S NARROW VICTORY IN THE 15 OCTOBER PRESIDENTIAL ELECTIONS, THE REGIME IS PREPARING [illegible] TO RETURN A FRIENDLY MAJORITY IN THE 26 NOVEMBER [illegible].

NATIONAL ASSEMBLY ELECTIONS. PAK HAS ASSURED US FORMER SAIGON CHIEF KIM CHUNG PIL BACK FROM AN EIGHT MONTH EXILE IN THE U.S. BUT BECAUSE OF KIM'S UNFAVORY REPUTATION THIS MOVE MAY EXACERBATE TENSIONS WITHIN THE REGIME AS WELL AS BETWEEN IT AND THE OPPOSITION. IN THE PRESIDENTIAL ELECTION THE REGIME APPEARS TO HAVE RELIED CHIEFLY ON GOVERNMENT PRESSURE RATHER THAN ON DIRECT BALLOTS IN ORDER TO WIN AGAINST THE PUBLIC'S GROWING DISSATISFACTION WITH AUTHORITARIAN RULE AND WITH THE REGIME'S ECONOMIC RECORD. THE ARMY'S HEAVY ANTI-PAK VOTE APPARENTLY REFLECTS THIS FEELING, ESPECIALLY IN THE LOWER RANKS AND SENIOR OFFICERS PROBABLY COMPELLED TO SUPPORT PAK, IF ONLY FOR LACK OF AN ATTRACTIVE ALTERNATIVE. (CONF)

16. SOUTH VIETNAM: THE ANNIVERSARY OF SOUTH VIETNAM'S NATIONAL DAY ON 26 OCTOBER AND THE PRESENCE OF SUPERIOR FOREIGN DELEGATIONS IN SAIGON MAY TEMPT OPPOSITION GROUPS AND VIET CONG AGENTS TO TRY TO PROVOKE DISORDERS IN COMING DAYS. ARRIVAL OF THE ICC OBSERVER MISSION THIS WEEK PARTICULARLY POSES PROBLEMS FOR THE DIEM GOVERNMENT, WHICH HAS TAKEN STEPS TO PRESERVE APPEARANCE OF HARMONY IN BUDDHIST COMMUNITY. BUDDHIST GROUP AND STUDENTS MAY NEVERTHELESS RESORT TO DEMONSTRATIONS, STRIKES, AND FURTHER SUICIDES TO FOCUS ATTENTION ON

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THEIR GRIEVANCES. PRESIDENT DIEM AND HIS BROTHER NHU CONTINUE TO SHOW THEY ARE PREPARED TO RISK SUBSTANTIAL REDUCTIONS IN US ECONOMIC AID RATHER THAN BOW TO PRESSURES FOR POLITICAL REFORMS. THEY HAVE APPARENTLY BEGUN TO PROBE ALTERNATIVE SOURCES OF FUNDS, AND MAY USE THE CURRENT SAIGON MEETING OF THE ASIAN PEOPLE'S ANTI-COMMUNIST LEAGUE, A NON-GOVERNMENTAL INTERNATIONAL GROUP, AS A FORUM FOR COMPLAINTS AGAINST THE US. THE UNEASY POLITICAL ATMOSPHERE STILL HAS NO DISCERNIBLE EFFECT ON THE MILITARY EFFORT AGAINST THE VIET CONG.

17. LAOS: NEUTRALIST LEADERS IN VIENTIANE ARE TRYING TO FORESTALL A RENEWAL OF INTER-FACTIONAL FIGHTING BY REVIVING THE TRIPARTITE COALITION GOVERNMENT WHICH WAS DISSOLVED IN BARE GRIP AFTER THE TWO PATHET LAO MINISTERS WITHDREW LAST APRIL. MINISTER OF INTERIOR PHENG PHONGSAVAN, THE RANKING NEUTRALIST DURING PREMIER SOUVANNA'S CURRENT VISIT TO LONDON AND MOSCOW, SAYS HE HAS [illegible] ARRANGED FOR SOUVANNA TO MEET WITH SOUPHANOUVONG WHEN THE PREMIER RETURNS ABOUT 6 NOVEMBER. KONG LE MEANWHILE HAS RESUMED COMMAND OF THE NEUTRALIST FORCES ON THE PLAINE DES JARRES FOLLOWING HIS RETURN FROM AN EXTENDED VISIT TO THE USSR. GENERAL ASERNA NOW RECEIVES SUBORDINATE TO KONG LE IN THE NEUTRALIST MILITARY

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HIERARCHY, AND WILL WATCH AFFAIRS IN THE CAPITAL IN CONFIDENCE TO HEAD THE PREMIER'S SPECIAL MILITARY CABINET. KONG LE SAYS THE RUSSIANS OFFERED MUNITIONS SUPPORT TO HIS FORCES, BUT ATTACHED CONDITIONS THEY KNEW WERE PROBABLY INSURMOUNTABLE.

18. EGYPT: EGYPT'S PETROLEUM INDUSTRY IS ON THE VERGE OF BECOMING SELF-SUFFICIENT AT A TIME WHEN THE REGIME IS ENCOURAGING PARTICIPATION BY WESTERN INTERESTS. SOVIET-FINANCED EXPLORATION AND CONSTRUCTION UNDER A 1958 MN AGREEMENT ARE NEARING COMPLETION. TWO YEARS OF DO-IT-YOURSELF HIGH COST EXPLORATION AND MARKETING IN THE FACE OF A WORLD SURPLUS HAVE PRODUCED A CHANGE IN CAIRO'S ATTITUDE, AND IN MID-1963 PETROLEUM WAS WRESTED AWAY FROM A MORE NATIONALISTIC MINISTRY HOLDING VENTURES. THE ITALIAN STATE-OWNED ENI AGENCY, THE ONLY IMPORTANT WESTERN PRESENCE DURING THE LAST TWO YEARS, WILL SOON START TO EXPLORE TWO NEW TRACTS UNDER TERMS OF A CONCESSION FORMALIZED IN MID-SEPTEMBER, AND LATE THE CAIRO GROUP A SIMILAR DEAL FOR EXPLORATION IN THE WESTERN DESERT WAS CONCLUDED WITH PHILIPS PETROLEUM. (CONF)

19. GREECE: IN THE CAMPAIGN FOR THE 3 NOVEMBER PARLIAMENTARY ELECTIONS A CLOSE STRUGGLE IS DEVELOPING BETWEEN FORMER PREMIER KARAMANLIS' CONSERVATIVE NATIONAL RADICAL UNION AND THE CENTRE

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NON-COMMUNIST OPPOSITION GROUP, THE CENTER UNION KARAMANLIS APPEARS TO BE AROUSING LESS ENTHUSIASM THAN PREVIOUSLY, AND AFTER SIX YEARS IN OFFICE IS SUFFERING FROM THE "TIME FOR A CHANGE" PSYCHOLOGY. THE CENTER UNION IS FEATURING A STRONG APPEAL TO GREEK NATIONALISM AND PARTY LEADER PAPANDREOU HAS ACCUSED KARAMANLIS OF "SUBMISSIVENESS TO FOREIGNERS" IN REFERENCE TO HIS CLOSE TIES WITH THE UNITED STATES. PAPANDREOU HOPES TO GAIN SEVERAL SEATS TO GIVE KARAMANLIS A FORMIDABLE RIVALRY. THE COMMUNIST-DOMINATED UNITED DEMOCRATIC LEFT, THE THIRD LARGEST PARTY, HAS FAILED TO FORM A POPULAR FRONT BUT BY THREE ITS STRENGTH TO THE CENTER UNION IS CLOSE BACK TO THE DAYS OF CONSTANTINE KARAMANLIS. (SECRET)

END OF MESSAGE

James W. Stathopoulos

[redacted]