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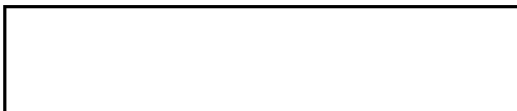


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*WEST GERMANY: Chancellor Brandt resigned last night in the midst of one of the most spectacular spy scandals in West Germany's post-war history.

In his letter of resignation to President Gustav Heinemann, Brandt took "full responsibility for the acts of negligence" that permitted an East German intelligence officer, Guenter Guillaume, to rise to the position of one of the Chancellor's three personal assistants. In tendering his resignation, Brandt requested that Deputy Chancellor and Foreign Minister Walter Scheel be named caretaker until Parliament can elect a successor.

The Chancellor's action followed an all-day closed door session attended by Brandt, members of the ruling coalition, and leaders of the opposition Christian Democratic Union/Christian Social Union. Earlier yesterday, the government postponed for 24 hours an official report on the arrest and security implications of the Guillaume affair.

The embassy reports that Scheel will only serve on an interim basis and intends to remain foreign minister and head of the Free Democrats instead of going ahead with his previously announced plans to seek the presidency at the federal assembly session next week. The embassy further suggests that President Heinemann may now be persuaded to seek re-election.

The best bet to replace Brandt as chancellor is Finance Minister Helmut Schmidt. Schmidt is a member of the moderate wing of the Social Democrats and as such, is acceptable to the coalition's minority partner, the Free Democrats. Despite periods of friction with Brandt, Schmidt has long been considered the Chancellor's number one minister and heir-apparent.

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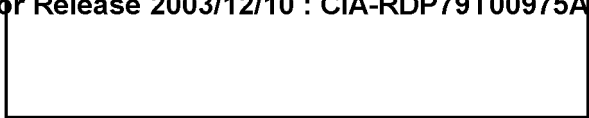
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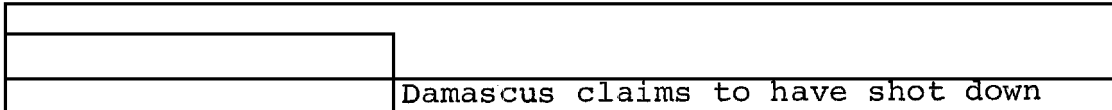
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ISRAEL-SYRIA: Fighting along the Syrian front yesterday was at a higher level than that of the past few days. Both Israeli and Syrian aircraft were active over the front. Israeli aircraft attacked Syrian positions south of the salient, while Damascus stated that its planes struck Israeli targets inside the Israeli-held salient. A UN patrol observed four Syrian MIG-17s bombing an area southwest of Sasa around midday. Tank and artillery fire occurred in several sectors of the front.

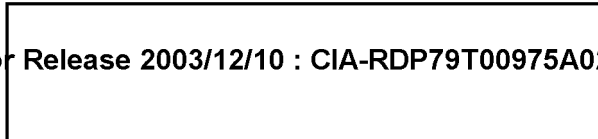
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Damascus claims to have shot down four Israeli aircraft, while Tel Aviv claims to have downed one Syrian aircraft.

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USSR-EGYPT: The Soviets appear to be tightening the screws on President Sadat by halting all arms shipments to Egypt.

The last Soviet seaborne arms shipment arrived in Alexandria on April 13. The absence of an arms shipment over a three-week period is unusual. The longest previous hiatus in seaborne military deliveries in recent years was a 17-day period in the spring of 1973. Soviet arms shipments began to slow down in March, and only two deliveries were made in early April. [REDACTED]

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The current hiatus in military shipments apparently was decided on by the Kremlin in late March or early April--perhaps in response to Sadat's intense anti-Soviet polemics, which began about that time.

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[REDACTED]

The interruption of deliveries is the farthest the Soviets have ever gone in using their position as a weapons supplier to apply pressure on the Egyptians. They apparently began foot-dragging on military aid questions late last year when it became clear that Sadat was establishing a new relationship with the US and was turning to the right in Egypt's internal affairs.

Sadat has muted his anti-Soviet polemics during the last few weeks, and he and Brezhnev have exchanged letters discussing their differences. It is possible that, in this somewhat improved environment, Moscow might be induced to resume limited shipments of military assistance as an indicator of its good intentions.

Nevertheless, it seems likely that the Soviets will continue to seek to pressure Sadat into policies more favorable to Moscow by foot-dragging on

military aid.

In particular, the USSR may hope that its military aid policies will trigger significant misgivings within the Egyptian military concerning the consequences of Sadat's present policies.

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FRANCE: The resounding defeat of Jacques Chaban-Delmas on Sunday has further divided Gaullist ranks and could lead to the end of Gaullism as the prime political force in France.

Regardless of which candidate wins the runoff on May 19, the legislative electoral law, which now favors the Gaullists, is likely to be amended. Both Giscard and Mitterrand have come out in favor of more proportional representation in the National Assembly based on population. They would both reduce the number of rural districts where the Gaullists are strong and increase urban districts where the other major parties draw their strength. Both Giscard and Mitterrand would expect to gain a significant number of seats at Gaullist expense.

Most Gaullists will probably unite behind Giscard for the presidential runoff, although they have apparently split into three factions. The first faction, led by Interior Minister Chirac, embittered other Gaullists by aiding Giscard during the first-round campaign. This group claims the allegiance of about 70 of the 183 Gaullist deputies.

The second group is led by Housing and Development Minister Olivier Guichard, who was close to both De Gaulle and Pompidou. It claims 80 deputies. Guichard has been widely touted as a possible prime minister under Giscard. Guichard, whose major aim is to save the party from total disintegration, hopes to be able to negotiate with Giscard as spokesman for all the Gaullists. He is likely to gain the support of at least Chirac's faction.

The smallest group, which controls only about 20 deputies, is led by such hard-liners as Michel Debre and Maurice Couve de Murville, who have deeply disliked Giscard for years. Moderate Gaullists reportedly began last week to try to woo the hard-liners over to Giscard for the second round of the election. The

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early endorsement of Giscard by the hard-line Gaullist party secretary general after the first round indicates that most of this group will line up behind Giscard in preference to Mitterrand.

Chaban has not yet endorsed Giscard, as some leading moderate Gaullists had hoped, [redacted]

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[redacted] Chirac and Guichard, who never supported Chaban's presidential campaign, are not likely to back him for such an important post. Continued intense political fighting within the Gaullist ranks would further reduce the party's already seriously weakened political influence.

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USSR: The Soviet Navy has appointed Vice Admiral Nikolay I. Khovrin as commander of its Black Sea Fleet. Khovrin's selection for this sensitive position and his previous appointments suggest that the Soviet naval command is grooming him for a higher post.

Khovrin, 52, is representative of a crop of post - World War II Soviet admirals who were too young to have served as commanders in World War II but who have subsequently gained experience in distant naval operations and flag-showing port visits. Khovrin served as the senior officer of several Soviet naval task groups in the Indian Ocean between 1968 and 1970. From 1971 until this year, he was second in command of the Soviet Northern Fleet, Moscow's most powerful fleet, which has a large force of nuclear-powered submarines.

As commander of the Black Sea Fleet, Khovrin is charged with providing surface warships and logistic support to the Soviet Mediterranean Squadron on a regular basis. In a crisis period--such as another flare-up in the Middle East--he would be responsible for reinforcing the Mediterranean Squadron on short notice, and perhaps even assuming on-the-scene command of the squadron. [REDACTED]

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*INDIA: A major rail strike expected to begin tomorrow is the latest in a series of trials facing the government of Prime Minister Gandhi. The "Indira Wave" swept aside opposition to the Prime Minister in 1971 and 1972, but it has since receded and left her exposed to her enemies and to a nation bewildered and irritated by successive policy failures and unfulfilled promises.

The government was slow to react to earlier threats, but it is willing to risk a showdown--possibly bloody--with militant railway unions. The army has been called out to guard, and possibly run, key rail lines in order to keep essential freight moving. Uninterrupted deliveries of coal are particularly essential; many important power plants and factories have less than a week's supply on hand.

Some 3,000 railway union members have been arrested in the past week, and the unions are now refusing to continue negotiations with the government until their arrested leaders are released. The government, for its part, says it will not negotiate unless the strike is called off. Employees of the rail system, which is nationalized, have been warned that participation in the strike could cost them their jobs.

Not all of the 1.7 million railway workers plan to go out on strike. One of the union federations is associated with Mrs. Gandhi's Congress Party and will not take part, and some of the smaller unions are likely to be intimidated by the government. The large federation of communist and socialist unions, however, which represents more than one third of railway workers, has issued a "final bugle call" for the strike.

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Other problems have compounded Mrs. Gandhi's difficulties. These include: a scarcity of food, rising petroleum prices, a politically volatile unemployment situation, and government corruption and lethargy. Newspapers have been sharply critical of the government in recent weeks, and reports are circulating that military leaders are increasingly disturbed by political and economic trends.

*Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Bureau of Intelligence and Research, Department of State.

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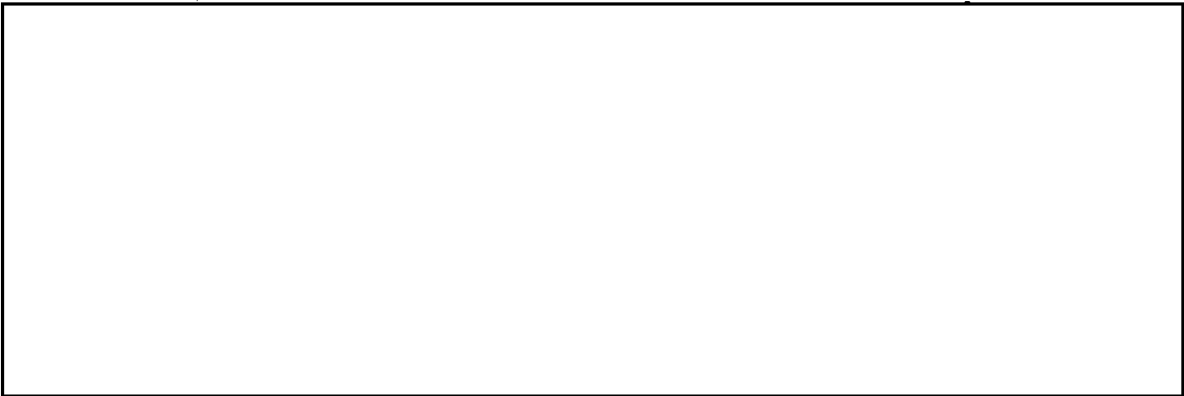
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FEDAYEEN: Palestinian radicals, acting through their recently formed "Rejection Front," are attempting to undercut Secretary Kissinger's negotiations and forestall Arab acceptance of any proposal for a peaceful settlement in the Middle East. The front consists primarily of fedayeen splinter groups that favor terrorist tactics; they receive financial and operational support from Iraq and Libya.

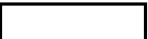
Spokesmen for the Rejection Front have publicly threatened the life of Secretary Kissinger, and mem-



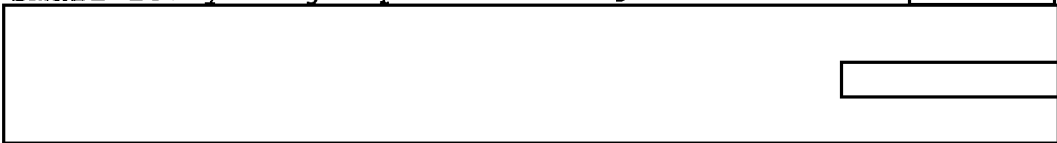
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Ominous Threats

The most ominous threats have come from Ahmad Jabril, whose Popular Front for the Liberation of Palestine--General Command is cooperating with other small fedayeen groups in the Rejection Front.



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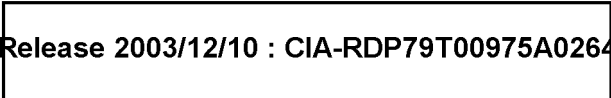
Unlike much fedayeen rhetoric, these threats from the normally reticent Jabril must be taken seriously. He has a small but disciplined and well-trained organization which has admitted responsibility for the murder last year of the Israeli assistant defense attaché in Washington and for the attack last month on the Israeli town of Qiryat Shemona.

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The Qiryat Shemona attack gained the General Command and other fedayeen radicals a degree of influence among Palestinians that is vastly out of proportion to the radicals' limited numbers and normally limited political following.

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[Redacted]

[Redacted]

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Another group in the Rejection Front, the Popular Front for the Liberation of Palestine (PFLP),

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[Redacted] has in the past hijacked airliners and mounted terrorist strikes within Israel to dramatize the Palestinian cause.

[Redacted]

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Political Goals

The Rejection Front's basic aim is to prevent Arab endorsement of any settlement that acknowledges Israel's right to exist. Its immediate tactics, including terrorism, are designed to forestall a Syrian-Israeli disengagement agreement and to disrupt plans to reconvene the peace conference in Geneva.

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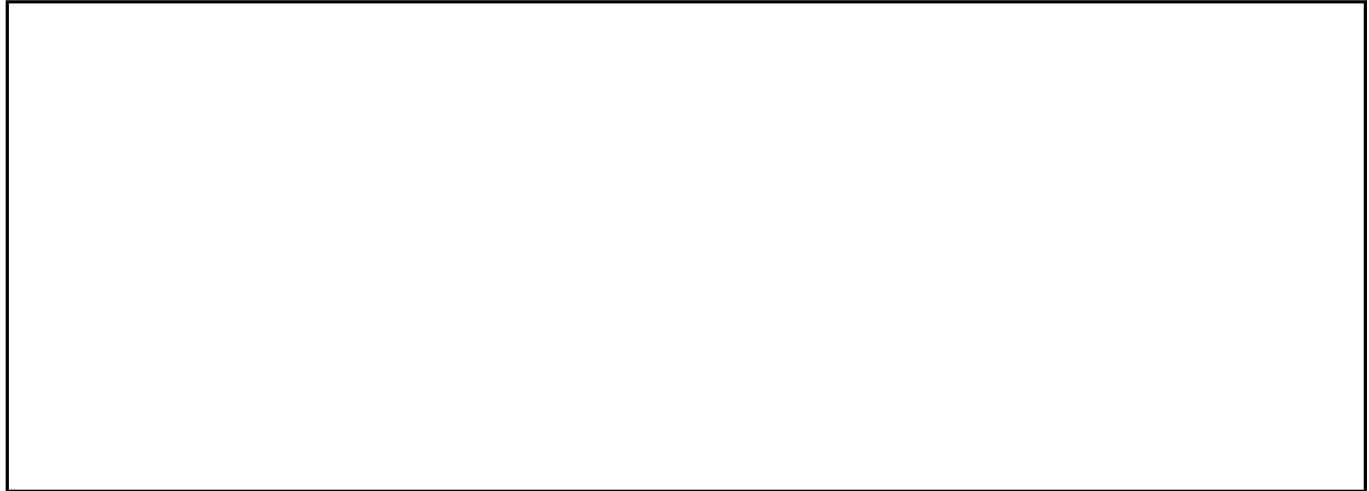
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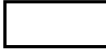
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FOR THE RECORD

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Portuguese Africa: Armed forces chief of staff General Costa Gomes, in press conferences in Lisbon and in Angola, has offered a cease-fire to the insurgents in Portugal's African territories. Some insurgent leaders are under heavy pressure from militant wings in their organizations to reject the Spino-la regime's program for a political settlement in Africa as nothing more than continued Portuguese hegemony under a different guise. Indeed, two major insurgent groups publicly rejected Costa Gomes' bid for negotiations in statements yesterday. 

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North Vietnam: Defense Minister Vo Nguyen Giap yesterday delivered a lengthy address to a large public gathering in Hanoi marking the 20th anniversary of the victory at Dien Bien Phu. General Giap, who appeared in public last week for the first time in six months, has been reported by several sources to be seriously ill. His presence at the commemorative festivities apparently indicates, however, that he is vigorous enough to stand the strain of an occasional public appearance.

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