

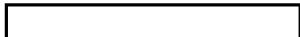
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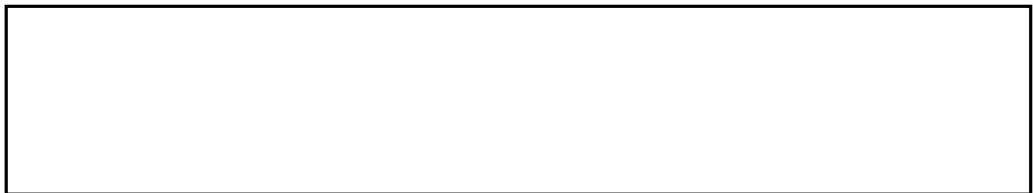
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LEBANON

Brigadier Ahdab yesterday publicly withdrew his threat to force the resignation of President Franiivah.

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Most of the Lebanese and Palestinian leaders who traveled to Damascus early this week returned to Beirut yesterday cautiously optimistic that a political settlement can be worked out. Only Socialist leader Kamal Jumblatt, who condemned Syria's military and political intervention and who refused to join the talks in Damascus, continues to call for a military showdown.

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Damascus radio last night broadcast a statement by Asad affirming that the Syrian mediation effort will continue. Asad called on all sides "to maintain their self-control" during the negotiations. This close and public identification of Asad with the negotiations suggests that Damascus sees some signs of progress in the talks.

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Damascus, which has tried to remain neutral in the current crisis, yesterday moved closer to open criticism of Ahdab. Isam Qansu, leader of the Syrian Baath Party in Lebanon, publicly ridiculed Ahdab's "television coup."

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THAILAND

Bangkok is bracing for possible leftist-inspired anti-US demonstrations this Saturday—the deadline imposed last year by the government for the withdrawal of all foreign military forces from Thailand.

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Student and leftist groups anticipate that the government will permit a limited US military presence to remain after the deadline passes, and they plan to organize protests against any such agreement. The activists are not optimistic about attracting much public support, however, and they are prepared to move cautiously to avoid a confrontation with violence-prone, right-wing groups.

How the demonstrations evolve will depend in part on the outcome of current Thai-US negotiations over a residual US military presence. If an agreement cannot be reached by Saturday, and all US forces are required to depart, the political left will be denied its key issue. If an agreement is reached, however, the odds of potentially violent demonstrations will increase.

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USSR-SOMALIA

Somali President Siad, who has been in Moscow since the Soviet party congress, appears to be lobbying hard for increased Soviet diplomatic, military, and economic support for his policies in the Horn of Africa. He may be encountering some difficulty, however, in gaining Moscow's open backing for an aggressive policy in pursuit of his ultimate goal of annexing the French Territory of the Afars and Issas.

Siad met late last week with Soviet President Podgorny. According to *Pravda*, the two presidents "exchanged views" with "mutual understanding" on the situation in Africa, on national liberation movements, and on issues in bilateral relations. This description of the talks suggests that the two sides differed on substantive matters.

Pravda's glowing reference to the 1974 Soviet-Somali friendship treaty reflects Moscow's continued commitment to Mogadiscio. No mention was made of the FTAI dispute, however, suggesting that Moscow remains reluctant to identify itself with Siad's position.

The Soviet armed forces newspaper *Red Star* also failed to mention the FTAI in its front-page coverage of Siad's discussions early this week with Defense Minister Grechko which, like the Podgorny talks, were said to have been held in a "comradely atmosphere of mutual understanding."

Siad reiterated his commitment to self-determination for the FTAI in his speech to the Soviet party congress. His actual objectives are the complete and immediate withdrawal of French forces, the replacement of the present head of the territorial administration by a pro-Somali official, and the eventual incorporation of the territory into Somalia.

Moscow has said little publicly on the FTAI issue, and privately has cautioned Siad to rely on political pressure and subversion to achieve his ends in the territory. The Soviets evidently do not want Siad to precipitate a war with Ethiopia that would compel them to come to his assistance to the detriment of their relations with Addis Ababa.

Moscow would also like to see the situation evolve in such a way that the French could bow out with a minimum of disruption to Franco-Soviet relations. Tass, for example, applauded French Foreign Minister Sauvagnargues' recent statement that Paris intends to grant independence to the FTAI after "broad consultations" with all political parties and a referendum attended by "international observers."



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UK

British Foreign Secretary Callaghan and four other cabinet members have formally announced their candidacies to succeed Harold Wilson.

The other contenders are Energy Secretary Anthony Benn and Employment Secretary Michael Foot on the left, and Home Secretary Roy Jenkins and Environment Secretary Anthony Crosland from the center-right.

There have been some indications that Chancellor of the Exchequer Denis Healey may not enter the race. If he stays out, Callaghan has a good chance of winning on the first ballot. Other candidates have until Monday to declare their intentions.

Whoever becomes prime minister will probably feel compelled to seek an endorsement of his leadership by calling a national election before the end of the year. Labor's election prospects appear to be relatively good as the British economy seems to be emerging from its deep recession. Although unemployment will remain at exceptionally high levels, Labor would still benefit from the sharp decline in the rate of inflation as well as a public perception that better times are in store.

These potential gains, however, could be wiped out by losses to nationalist opponents in Scotland, thus preventing a Labor majority at Westminster. Labor's Scottish losses could be minimized if the new leader was willing to grant a greater amount of autonomy to Scotland. Callaghan has not been closely identified with the devolution issue and might be just the person to make these concessions.



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SPAIN

Rumors of a cabinet shuffle involving Prime Minister Arias are being sparked by serious labor disturbances, persistent economic problems, and widespread allegations that, privately, King Juan Carlos is critical of Arias.

Opposition groups say Arias is too conservative, overly cautious, and closely linked to the remnants of Franco's political apparatus. A leftist magazine has accused the government of ineptitude, and the influential weekly *Cambio 16* proclaimed that Arias' strategy of gradual reform had failed.

One popular magazine has tested the limits of the new freedom of the press in Spain by declaring recently that the government should not continue in office after the killing of four demonstrators by police in Vitoria on March 3.

Arias appears to be losing what little support he had from the right. The far right accuses him of being overly tolerant of the opposition, pointing to the loss of police control in Vitoria as an example of what could occur elsewhere in Spain if the left is not restrained.



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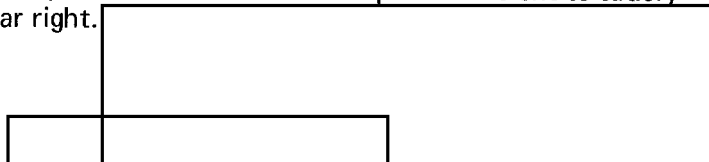
The prestigious Madrid daily *Informaciones* claimed on Monday that Arias had already advised the King that he wanted to resign. According to press sources, a senior government official denied the report, but admitted that further bloodshed or labor strife could bring down the government.

There are formidable obstacles to replacing Arias. Last December, the King reportedly wanted to appoint a more liberal prime minister but was forced to retain Arias when he encountered opposition in the conservative Council of the Realm—the advisory body that must present the King with a slate of three names.

There have been no signs of any moves in the council to clear the way for a new prime minister more to the King's liking.

If Arias stays, Finance Minister Villar Mir may become the scapegoat. He is widely disliked, particularly by the workers, because of his insistence on applying strict limits to wage raises. Villar Mir's departure, however, would have little effect on the central problem of how to proceed with reforms at a pace sufficient to satisfy the left without enraging the far right.

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PORTUGAL

The rapid dismantling of Portugal's colonial empire is creating bitter divisions at home, and relations with its former African colonies are off to a rocky start.

Rapid decolonization was the hallmark of the revolution that brought the Armed Forces Movement to power in April 1974 and provided the cornerstone for a foreign policy that envisioned Portugal as an intermediary between Europe and the Third World. The idealistic officers who initiated the decolonization process, however, have encountered far greater frustrations and difficulties than they had expected.

The number-two man in the inter-territorial cooperation ministry, which is responsible for Lisbon's policy toward its former colonies, resigned yesterday to protest the government's tendency to yield to the demands of the ex-colonies in its attempt to cultivate amicable relations and to curry favor with the Third World.

Deputy Minister for Cooperation Gomes Mota submitted his resignation after returning from an eight-day negotiating session in Maputo, where he failed to elicit a guarantee for basic human rights for the nearly 50,000 white Portuguese citizens still in Mozambique. Talks are to resume at the ministerial level, possibly as soon as next week, but will be hampered by disagreements over air rights and economic dispensations. Lisbon's tendency to grant independence first and work out the details later has left it little leverage in negotiations with the former territories.

Mozambique's black Marxist leaders—avowedly opposed to racism—have stepped up harassment of white Portuguese residents since the beginning of the year. Large numbers of colonists have been jailed or placed in work camps and their property confiscated. Over 100,000 Portuguese have left Mozambique since independence last June, and Portuguese officials are predicting a mass exodus of the remainder if no guarantees can be obtained.

In Guinea-Bissau, the first Portuguese colony to receive independence, the regime's demands for reparations from Lisbon have deadlocked negotiations between the two governments. Disagreements over the transfer of Bissau's central bank—still in Portuguese hands—and over settlement of Bissau's debt to Portugal led Guinea-Bissau to nationalize the central bank in February. Lisbon responded by holding in abeyance all Bissau claims on Portugal and negotiations have not resumed.

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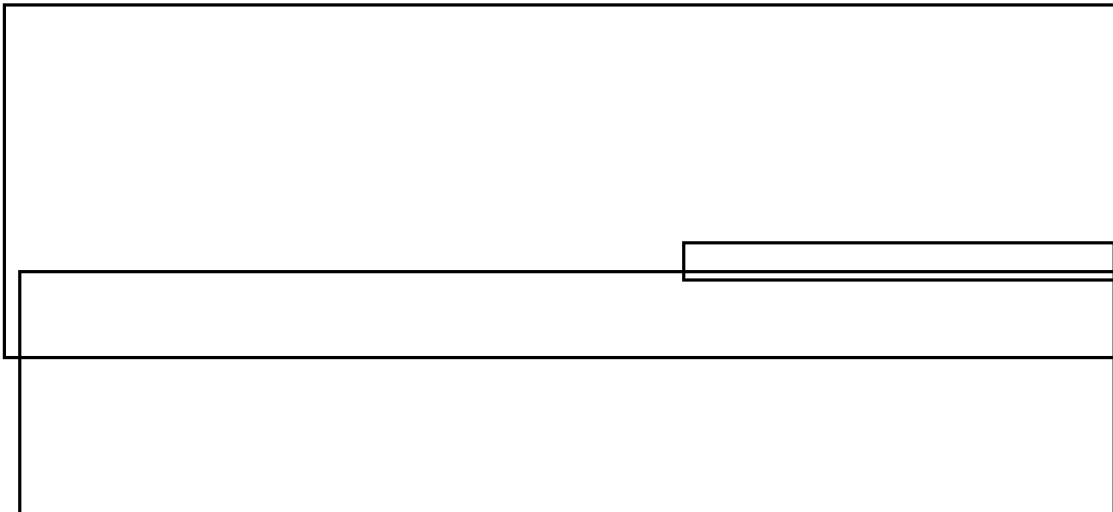
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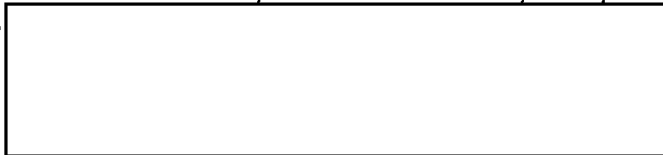
AUSTRIA

A Palestine Liberation Organization spokesman has initiated inquiries into the possibility of opening an information office in Vienna.

Abdul Jayab, head of the PLO office in Budapest, recently claimed to Austrian journalists that approval could help reduce the influence of extremist Palestinian splinter groups. He said Austria is considered a friend of the Palestinians and denied any link by his organization to last December's violent attack on the OPEC headquarters in Vienna. In any event, the PLO appears anxious to open an office in the Austrian capital for information purposes and to have in place an accredited observer staff for UN specialized agencies headquartered there.

An official response probably will not be made until Chancellor Kreisky returns from his third fact-finding mission to the Middle East on behalf of Socialist International. Approval for some form of PLO office is probable in as much as Austria wants to expand trade with the Arab countries and retain the OPEC headquarters in Vienna.

Although of Jewish descent, Kreisky maintains he has no political sympathies for Zionism, even though he wants Israel's existence assured. He favors a solution to the Palestinian problem and foresees that there may be less terrorism by fedayeen radicals if the PLO is recognized.



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ISRAEL

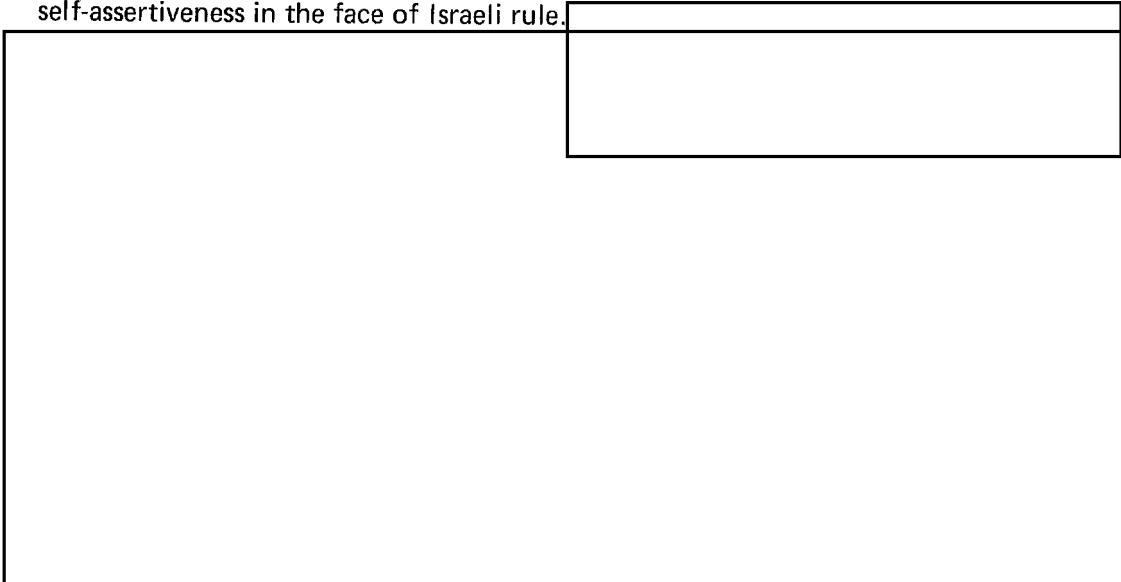
Yesterday's accidental shooting by a panicky Israeli soldier of three young West Bank demonstrators on the outskirts of Jerusalem is the most serious incident to date since the series of anti-Israeli outbursts on the West Bank began nearly seven weeks ago. It is unlikely, however, to cause the Israelis to reconsider their tough methods of dealing with the disorders.

In fact, the Israelis are likely to crack down even harder if the disturbances continue. Justice Minister Zadok said in Hebron yesterday—even as demonstrations were under way in the town—that the government is determined to restore law and order on the West Bank. Defense Minister Peres warned West Bank mayors that the Israeli army will not hesitate to act vigorously if local West Bank administrations cannot keep order.

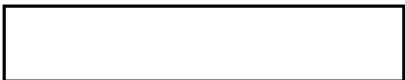
The Israeli military administration for the West Bank has already clamped a curfew on two major West Bank towns and closed at least one high school. The Israelis could also impose more drastic measures, such as trade and travel restrictions between West Bank towns and Jordan and direct military rule, if necessary.

Although Israeli military officers are telling the press that the Palestine Liberation Organization and Jordanian communists are inciting the students, the protests appear to be largely unorganized and spontaneous. The continuing disorders and the reluctance of some West Bank leaders to give in to Israeli urgings to help restore calm more accurately reflect growing Palestinian nationalism and self-assertiveness in the face of Israeli rule.

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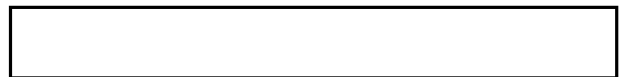
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