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BRIEF

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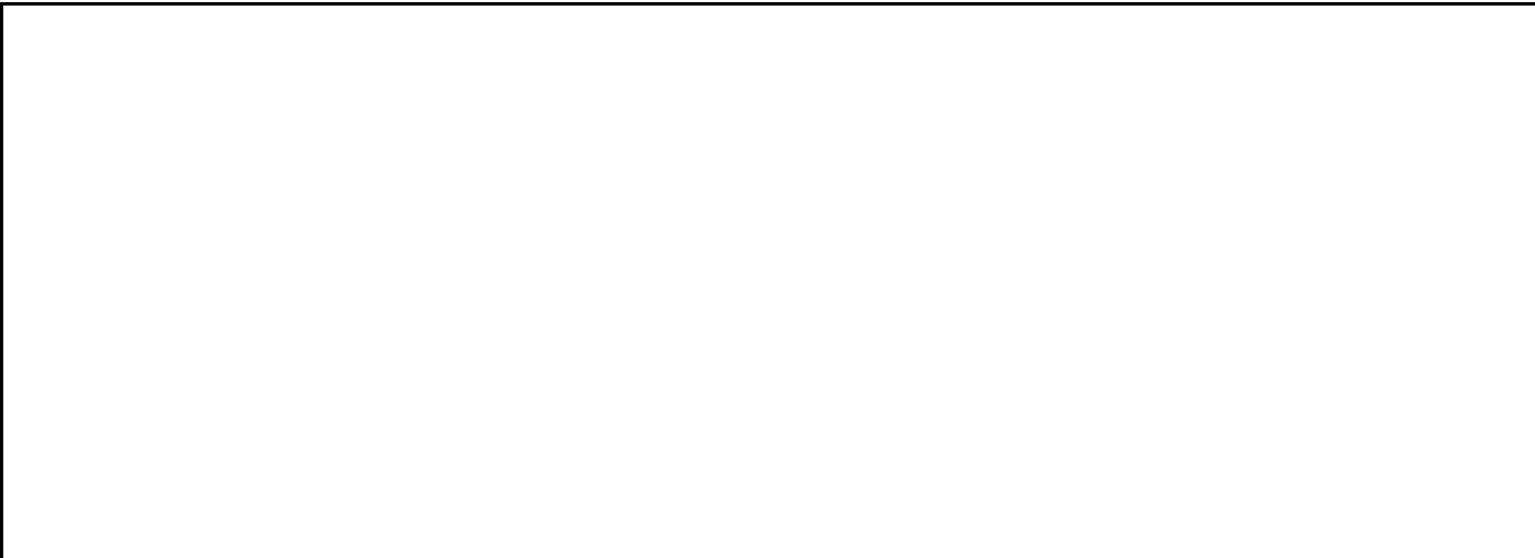
1. LAOS: THE COMMUNISTS MAY BE PLANNING TO USE THE DEMONSTRATIONS IN VIENTIANE TO RID THE GOVERNMENT OF ADDITIONAL NON-COMMUNIST PERSONALITIES. 4

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DEMONSTRATORS WILL DEMAND A PURGE OF CORRUPT GOVERNMENT OFFICIALS AT THE FINAL MASS RALLY, REPORTEDLY SCHEDULED FOR AUGUST 22 TO CELEBRATE THE "LIBERATION" OF THE CITY. SPECIFIC TARGETS MAY INCLUDE DEFENSE MINISTER PHENG PHONGSAVAN, A ONCE-POWERFUL NEUTRALIST POLITICIAN, AND ARMED FORCES COMMANDER BOUNPONE MARKTHEPARAKS. IF THESE OFFICIALS ARE ACCUSED OF CORRUPTION, THEY WILL ALMOST CERTAINLY RESIGN AND BE REPLACED BY LESSER KNOWN FIGURES DEPENDENT ON THE COMMUNISTS. 4//4

//AS THE PROCESS OF "LIBERATING" VIENTIANE IS BEING COMPLETED, THE COMMUNISTS HAVE BEEN TIGHTENING THEIR CONTROL OVER THE POPULATION. POLICE UNITS REPORTEDLY HAVE BEEN ROUNDING UP YOUNG PEOPLE JUDGED HOOLIGANS BECAUSE OF LONG HAIR AND FLAMBOYANT WESTERN ATTIRE. PATHET LAO TROOPS HAVE SET UP

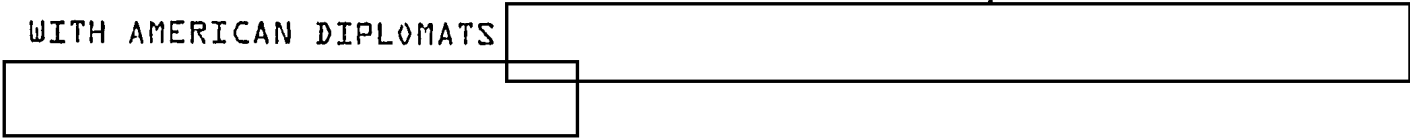
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ROADBLOCKS THROUGHOUT THE CITY TO EXAMINE DOCUMENTATION AND
SEARCH VEHICLES. THE POLICE SO FAR HAVE BEEN POLITE IN DEALINGS
WITH AMERICAN DIPLOMATS

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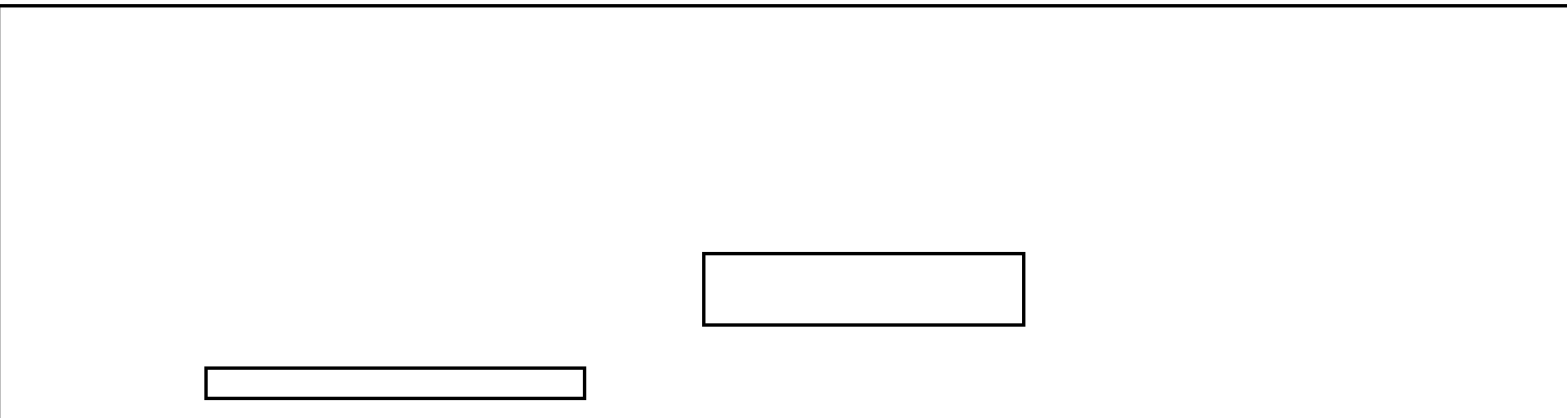
THE COMMUNISTS ON AUGUST 18 REPORTEDLY COMPLETED THEIR
TAKE-OVER OF LUANG PRABANG, THE ROYAL CAPITAL. ACCORDING TO RADIO
PATHET LAO, DEMONSTRATORS IN THE CITY DEMANDED THE OUSTER OF ALL
LOCAL ADMINISTRATION OFFICIALS. THE OLD ADMINISTRATION, THEREFORE,
WAS COMPLETELY ABOLISHED AND NEW "REVOLUTIONARY" OFFICIALS
APPOINTED. UNDER THE 1973 PEACE ACCORDS, LUANG PRABANG, LIKE
VIENTIANE, WAS JOINTLY GOVERNED BY THE TWO SIDES.

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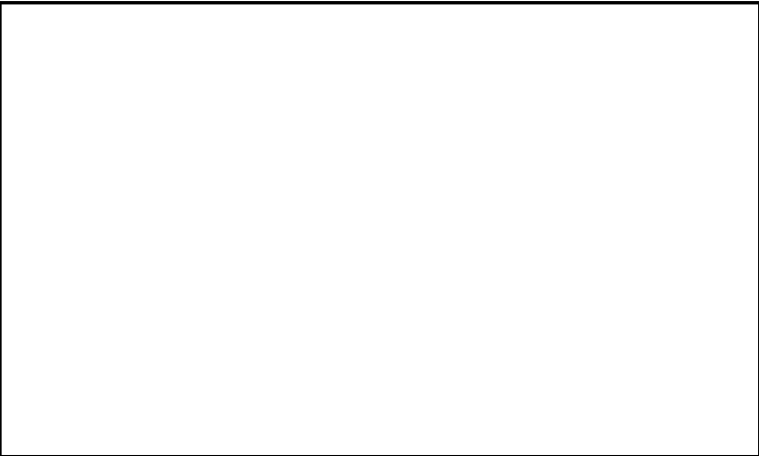
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URUGUAY: THE CONFLICT BETWEEN CIVILIAN AND MILITARY OFFICIALS OVER CONTROL OF THE NATION'S ECONOMIC POLICYMAKING MACHINERY HAS BEEN TEMPORARILY RESOLVED, BUT THE UNDERLYING CAUSES OF THE DIFFICULTIES REMAIN.

MINISTER OF ECONOMY AND FINANCE ALEJANDRO VEGH, WHO RESIGNED WHEN THE MILITARY ATTEMPTED TO CANCEL A \$110 MILLION LOAN HE HAD NEGOTIATED WITH A CONSORTIUM OF FOREIGN BANKS, WITHDREW HIS RESIGNATION AFTER PRESIDENT BORDABERRY AND THE MILITARY HIGH COMMAND AGREED TO LET THE LOAN GO THROUGH. VEGH, HOWEVER, FAILED IN HIS ATTEMPT TO HAVE GENERAL ABDON RAIMUNDEZ, VICE PRESIDENT OF THE BANK OF THE REPUBLIC AND AN OPPONENT OF HIS AUSTERITY POLICY, REMOVED FROM HIS POSITION.

THE DISPUTE AND ITS COMPROMISE SOLUTION ARE TYPICAL OF THE DIFFICULTIES VEGH AND OTHER CIVILIANS HAVE HAD WITH MILITARY OFFICERS WHO OCCUPY KEY POSTS THROUGHOUT THE BUREAUCRACY. WHILE VEGH MAY BE ABLE TO CENTRALIZE POLICYMAKING ON ECONOMIC MATTERS IN HIS OFFICE FOR A WHILE, HIS MOVES WILL BE CLOSELY SCRUTINIZED BY THE MILITARY

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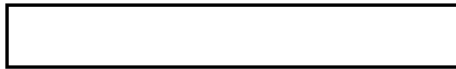
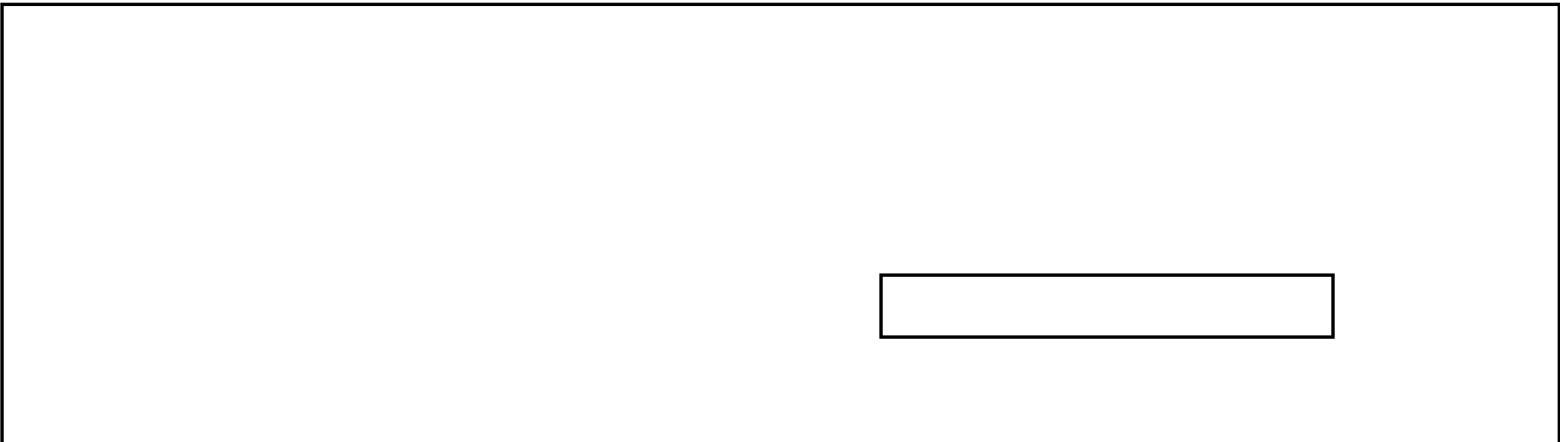
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HIGH COMMAND. THE CONFLICT BETWEEN CIVILIAN AND MILITARY OFFICIALS
OVER WHO MAKES ECONOMIC POLICY WILL CONTINUE TO BE THE NATION'S
MAJOR POLITICAL IRRITANT.

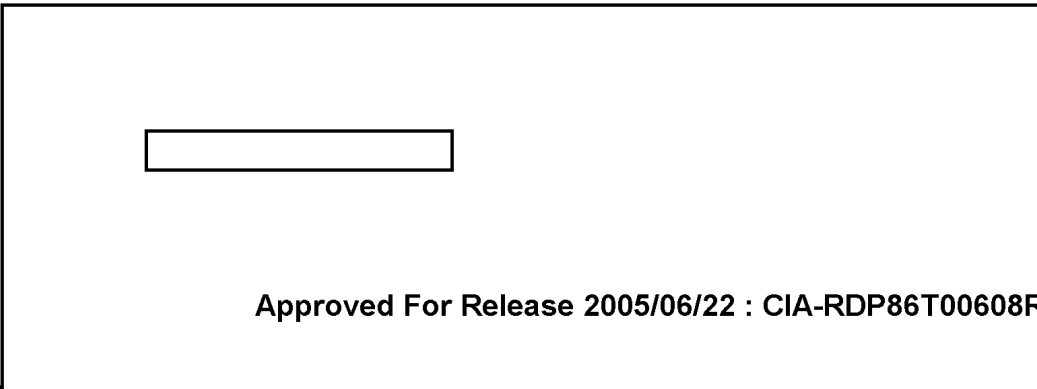


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1. PORTUGAL: THE COMMUNIST COUNTEROFFENSIVE THAT BEGAN LAST WEEK WHEN PARTY LEADER CUNHAL EXHORTED PARTY MILITANTS TO RETURN TO AREAS IN NORTHERN PORTUGAL APPEARS TO HAVE STALLED.4

THE COMMUNISTS HAVE CANCELED THE SECOND RALLY OF THEIR CAMPAIGN—SCHEDULED FOR PORTO TUESDAY NIGHT—IN VIEW OF "THE CURRENT POLITICAL SITUATION." THEIR FIRST EFFORT, IN ALCOBACA, RAN INTO STIFF RESISTANCE.4

THE DECISION TO CALL OFF THE PORTO RALLY WAS DOUBTLESS INFLUENCED BY CONTINUING ATTACKS ON PARTY OFFICES IN THE NORTH. IN A TOWN NEAR PORTO LAST NIGHT, A PARTY MEMBER WAS KILLED BY GUNFIRE FROM SECURITY FORCES. EVEN THOUGH THE COMMUNISTS HAVE VOWED TO "TAKE PRECAUTIONS" AGAINST THE ANTI-COMMUNISTS, PARTY LEADERS HAVE BEEN MADE CAUTIOUS BY THE GROWING TENDENCY OF INTERNAL SECURITY TROOPS—ESPECIALLY IN THE NORTH—TO ACT ON THEIR OWN.4

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PRESSING FOR THE REMOVAL OF THE REGIONAL COMMANDER, GENERAL CORVACHO, CONSIDERED TO BE A COMMUNIST SYMPATHIZER AND AN ALLY OF PRIME MINISTER GONCALVES. ACCORDING TO A COMMUNIQUE RELEASED ON TUESDAY BY THE NORTHERN REGIONAL HEADQUARTERS, CORVACHO HAS BEEN TEMPORARILY RELIEVED OF HIS COMMAND.4

COMMUNIST CONTROL OF LABOR IS ALSO ERODING. THE PARTY MADE A CONCERTED EFFORT TO SHOW ITS MUSCLE BY CALLING FOR A HALF-HOUR GENERAL STRIKE ON TUESDAY, THEN MODIFIED THE CALL BY LIMITING IT TO THE LISBON AREA. THE IMPACT OF THE STRIKE WAS MINIMAL. ITS PRIMARY EFFECT WAS TO FEED ANTI-COMMUNIST SENTIMENT IN LISBON. THE FAILURE OF THE STRIKE WILL BE SEEN AS ANOTHER DEFEAT FOR PRIME MINISTER GONCALVES.4

FORMER PRESIDENT SPINOLA, WHO IS LIVING IN EXILE IN RIO DE JANEIRO, HAS ADDED HIS VOICE TO THE ANTI-GONCALVES CHORUS. IN AN OPEN LETTER TO PRESIDENT COSTA GOMES, SPINOLA APPEALED FOR UNITY BEHIND HIS "DEMOCRATIC MOVEMENT FOR THE LIBERATION OF PORTUGAL." COSTA GOMES, WHO RELEASED THE DOCUMENT ON TUESDAY, CRITICIZED SPINOLA, BUT DID NOT CONDEMN THE LETTER.4

DATE:
ORIG:
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IN FACT, THE APPEAL FROM SPINOLA MAY ADD FORCE TO THE PERIODIC WARNINGS FROM GONCALVES THAT PORTUGAL IS IN DANGER OF RETURNING TO FASCISM. THIS DANGER IS OF SUCH AN OVERRIDING CONCERN FOR THE MEMBERS OF THE ARMED FORCES MOVEMENT THAT MANY WILL CONTINUE TO HESITATE TO TAKE ACTION AGAINST GONCALVES OR, IF HE IS FINALLY OUSTED, THEY WILL SEEK TO MAKE SURE THAT A NEW GOVERNMENT DOES NOT PROVIDE AN OPENING TO THE RIGHT.

2. USSR-PORTUGAL: PRAVDA PUBLISHED AN AUTHORITATIVE "OBSERVER" ARTICLE ON TUESDAY ON THE SITUATION IN PORTUGAL. UNLIKE MOST SOVIET COMMENTARY ON THE SUBJECT, THE ARTICLE EXPRESSES MOSCOW'S VIEWS DIRECTLY, RATHER THAN THROUGH THE MOUTHS OF THE PORTUGUESE COMMUNISTS OR OTHER INTERMEDIARIES.4

LIKE OTHER RECENT SOVIET COVERAGE, THE GENERAL TONE OF THE "OBSERVER" ARTICLE IS DEFENSIVE AND PESSIMISTIC. AS THE DISTRESS OF THE PORTUGUESE COMMUNISTS HAS DEEPENED, THE SOVIET'S APPARENT CONFIDENCE ABOUT THE COURSE OF EVENTS IN PORTUGAL HAS GIVEN WAY TO INCREASING CRITICISM OF OUTSIDE MEDDLING.4

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ORIG:
UNIT:
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THE "OBSERVER" ARTICLE DRAWS THE SAME ANALOGY BETWEEN THE PRESENT SITUATION IN PORTUGAL AND EVENTS IN CHILE JUST BEFORE THE OVERTHROW OF ALLENDE THAT FIRST APPEARED IN A SOVIET BROADCAST TO HUNGARY ON AUGUST 15. NATO, THE WESTERN PRESS, WESTERN ECONOMIC ORGANIZATIONS AND, SIGNIFICANTLY, "INTERNATIONAL SOCIAL DEMOCRACY" ARE SEVERELY CRITICIZED IN THE ARTICLE. THE CHINESE ALSO ARE DRAGGED INTO THE CAST OF EVILDOERS; THEY ARE ACCUSED OF COOPERATING WITH INTERNATIONAL REACTION BY FOMENTING DISCORD IN ANGOLA AND THE AZORES.4

PRAVDA CHARGES THAT THE PORTUGUESE SOCIALIST LEADERS ARE PROVIDING A RALLYING POINT FOR REACTIONARIES BY ATTACKING THE COMMUNISTS, BUT THE TONE IS LESS STRIDENT THAN WHEN MOSCOW DENOUNCED THE SOCIALISTS IMMEDIATELY AFTER THEY LEFT THE GOVERNMENT. INDEED, PRAVDA AGAIN CALLS FOR "CONCERTED ACTION" BY THE ARMED FORCES MOVEMENT, THE COMMUNISTS, THE SOCIALISTS, AND OTHER LEFT PROGRESSIVE FORCES. THE SOVIETS HAVE REPEATED THIS THEME, WHICH IS NOW AT LEAST NOMINALLY IN ACCORD WITH CUNHALM'S OWN PROFESSED POLICIES, MORE FREQUENTLY IN RECENT

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THE SOVIETS WOULD CLEARLY LIKE TO SEE THE PORTUGUESE COMMUNISTS RECOVER FROM THEIR PRESENT ISOLATION, BUT THERE IS LITTLE INDICATION THEY BELIEVE THEIR EXHORTATIONS WILL HAVE MUCH PRACTICAL EFFECT. PRAVDA CONCLUDES WITH A CALL FOR "MASSIVE SOLIDARITY" WITH THE FORCES FIGHTING REACTION IN PORTUGAL. UNDER THE CIRCUMSTANCES, THIS IS THE MINIMUM THAT MOSCOW MIGHT BE EXPECTED TO SAY TO PRESERVE ITS REVOLUTIONARY CREDENTIALS. PRAVDA OFFERS NO PRACTICAL ADVICE AND PROVIDES NO CLUES ABOUT WHAT, IF ANY, ACTION THE SOVIETS THEMSELVES MIGHT TAKE IN SUPPORT OF THE PORTUGUESE COMMUNISTS.

3. HUNGARY-PORTUGAL: THE HUNGARIAN COMMUNIST PARTY HAS BECOME THE FIRST IN EASTERN EUROPE TO ISSUE A FORMAL STATEMENT OF SOLIDARITY WITH THE PORTUGUESE COMMUNIST PARTY. IN A 113-WORD STATEMENT TO THE PCP CENTRAL COMMITTEE THAT HAD CLEARLY BEEN COORDINATED WITH MOSCOW, THE HUNGARIAN PARTY CENTRAL COMMITTEE EXPRESSES SHOCK AT THE "INCREASINGLY ORGANIZED" ATTACKS

DATE:
ORIG:
UNIT:
EXT:

AGAINST PORTUGUESE DEMOCRATIC DEVELOPMENT; CITES
COOPERATION BETWEEN THE "DEMOCRACY ANTIFASCIST
FORCES" AS THE BEST DEFENSE; AND ASSURES "THE
PORTUGUESE COMMUNISTS AND THE ANTIFASCISTS" OF
HUNGARIAN SOLIDARITY.4

THE HUNGARIAN DECLARATION, MADE NO PROMISE
OF ANY AID. VERBAL STATEMENTS SUCH AS THIS PRO-
VIDE AN EASY WAY FOR THE SOVIETS TO DISPLAY THEIR
SUPPORT OF THE PORTUGUESE COMMUNISTS, AND THE
HUNGARIAN STATEMENT WILL PROBABLY BE FOLLOWED BY
OTHERS FROM EASTERN EUROPE.



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1.//ISRAEL: RIGHT-WING CRITICS OF THE GOVERNMENT'S NEGOTIATING POSITION WITH EGYPT ARE PREPARING TO MOUNT INTENSIVE DEMONSTRATIONS TO COINCIDE WITH SECRETARY KISSINGER'S VISIT TO THE MIDDLE EAST STARTING ON THURSDAY.//4

//IT IS UNLIKELY THAT SUCH TACTICS WILL DISSUADE THE GOVERNMENT FROM ITS CHOSEN COURSE OF ACTION, OR THAT RIGHT-WING PRESSURES WILL PREVENT RATIFICATION BY THE KNESSET OF AN EVENTUAL NEW SINAI AGREEMENT WORKED OUT BY THE NEGOTIATING TEAM OF PRIME MINISTER RABIN, DEFENSE MINISTER PERES, AND FOREIGN MINISTER ALLON. THE CONSENSUS AMONG KNESSET DEPUTIES WITH WHOM THE US EMBASSY IN TEL AVIV HAS BEEN IN CONTACT RECENTLY IS THAT AN AGREEMENT WOULD PASS BY A SMALL-TO-COMFORTABLE MARGIN. RABIN COULD, HOWEVER, AT SOME POINT DECIDE TO CITE THE DEMONSTRATIONS TO JUSTIFY TEL AVIV'S OPPOSITION TO MAKING FURTHER CONCESSIONS.//4

//SOME OF THE DEMONSTRATIONS COULD BE LARGE. THE LIKUD OPPOSITION BLOC ASSEMBLED APPROXIMATELY 35,000 PEOPLE IN TEL AVIV LAST MONTH TO PROTEST ANY ISRAELI WITHDRAWAL IN THE SINAI IN THE ABSENCE OF A

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FORMAL EGYPTIAN DECLARATION OF NONBELLIGERENCY.//4.

//A SUBSTANTIAL AND GROWING NUMBER OF ISRAELIS ARE CLEARLY UNEASY ABOUT THE OUTCOME OF THE NEGOTIATIONS WITH EGYPT. THEY FEAR THAT SECRETARY KISSINGER'S ARRIVAL IN TEL AVIV TOMORROW SIGNALS AN INTENSIFICATION OF US PRESSURE ON ISRAEL TO MAKE ADDITIONAL CONCESSIONS TO EGYPT, BUT WITHOUT RECEIVING ADEQUATE SAFEGUARDS FROM CAIRO AGAINST A NEW ATTACK. ISRAELI PUBLIC OPINION POLLS HAVE REFLECTED A SHARP DECLINE SINCE APRIL IN THE NUMBER OF ISRAELIS WHO THINK THAT US MIDDLE EAST POLICY SUPPORTS ISRAEL.//4

//THE MOST RECENT OPINION POLL SHOWS THAT ALMOST HALF OF THE RESPONDENTS ARE DISSATISFIED WITH THE GOVERNMENT'S CONDUCT OF THE NEGOTIATIONS. AS REFLECTED IN THE ISRAELI PRESS, THIS SEEMS IN GOOD MEASURE ATTRIBUTABLE TO FEARS THAT TEL AVIV IS CAUGHT UP IN A PROCESS THE TIMING AND OUTCOME OF WHICH CANNOT BE CONTROLLED BY THE RABIN GOVERNMENT.//4

//MANY ISRAELIS QUESTION WHETHER THE GOVERNMENT HAS A CLEAR NEGOTIATING CONCEPT AND IS NOT SIMPLY RESPONDING TO EXTERNAL PRESSURES. RABIN'S BASIC POSITION THAT A NEW AGREEMENT WILL GAIN

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TIME FOR ISRAEL HAS ALSO BEEN CHALLENGED BY PROMINENT ISRAELIS. CRITICS WITHIN THE PRIME MINISTER'S LABOR PARTY, SUCH AS FORMER DEFENSE MINISTER DAYAN AND FORMER FOREIGN MINISTER EBAN, HAVE ON NUMEROUS OCCASIONS STATED PUBLICLY THAT IT IS ILLUSORY TO EXPECT ANOTHER SINAI AGREEMENT TO GIVE ISRAEL A RESPITE FROM ADDITIONAL NEGOTIATIONS.//4

//THE GOVERNMENT HAS LAUNCHED A CAMPAIGN TO COUNTER THE CRITICS AND TO EXPLAIN THE POTENTIAL BENEFITS OF ANOTHER AGREEMENT WITH EGYPT. RABIN DEFENDED THE GOVERNMENT'S NEGOTIATING POSITION AND THE SECRETARY'S VISIT AT A STORMY KNESSET SESSION MONDAY ON THE GROUNDS THAT THE NEGOTIATIONS HAVE NOW REACHED AN "ADVANCED" STAGE. HE REPORTEDLY TOLD A LABOR ALIGNMENT CAUCUS THAT AN INTERIM AGREEMENT WITH EGYPT WOULD NOT ONLY PROVIDE A CHANCE TO IMPROVE ARAB-ISRAELI RELATIONS, BUT WOULD ALSO LEAD TO "UNPRECEDENTED" US-ISRAELI COOPERATION. [REDACTED]