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TO: DIRECTOR.

WNINTEL RYBAT

REF: [CARACAS] 32384 (IN 203537)

1. ON 3 MARCH CHARGE (DCM) TALKED "INFORMALLY" TO FOREIGN

MINISTER ESCOVAR SALOM, INFORMATION MINISTER DIEGO ARRIA, AND

PRESIDENTIAL CONFIDANT AND UNOFFICIAL PRESS ADVISOR EUGENIO SOLER.

TO ALL THREE CHARGE MADE SAME TWO BASIC POINTS WITH THOUGHT THESE

WOULD BE RELAYED TO PRESIDENT PEREZ: (1) VENEZUELAN GOVERNMENT

HAD MISREAD NEW YORK TIMES STORY; HAD ATTRIBUTED TO DAVID PHILLIPS

STATEMENTS APPARENTLY MADE BY OTHERS; HAD OVER-REACTED TO

WHAT SEEMED TO BE AN EFFORT ON PHILLIPS' PART TO BE HELPFUL; AND

(2) THE USG WAS STANDING PAT ON THE PRESIDENT'S LETTER. NO ONE ELSE

WAS SPEAKING, COULD OR WOULD SPEAK FURTHER FOR THE USG ON THIS SUBJECT.

AS FAR AS THE U.S. WAS CONCERNED, ISSUE WAS CLOSED AND WE HOPED

GOV WOULD SEE IT THE SAME WAY.

2. DURING 3 AND EARLY 4 MARCH IT APPEARS THAT THE CHARGE SDO NOT Reproduce EFFORTS AND TRADITIONALLY SHORT LATIN AMERICAN ATTENTION SPAN HAVE COMBINED TO GREATLY EASE CRISIS SITUATION OF LAST WEEK, AT

SECRET

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LEAST AS FAR AS GOV IS CONCERNED. CAP AND GOVERNMENT SPOKESMEN HAVE ALL STATED THAT INCIDENT HAS ENDED AND ARE NOW TRYING TO DIVERT ATTENTION TO OTHER SUBJECTS. MEDIA COVERAGE IS RETURNING TO NORMAL WITH STORIES OUT OF HEADLINES AND BACK ON PAGE SIX OR EIGHT, SUPERSEDED BY NIEHOUS CASE, UGANDAN SITUATION, OPEC PRICE HIKE, ETC. UNFORTUNATELY, EVERY VENEZUELAN WEEKLY MAGAZINE HAS LONG ARTICLE (S) ON CIA WHICH ARE, OF COURSE, DEFAMATORY, AND TEND TO WHIP UP PUBLIC ANTIPATHY TOWARDS AGENCY. THEN TOO, THERE IS STILL MATTER OF DEMONSTRATION AGAINST CIA WHICH TWO DAYS AGO CAP SEEMED TO BE INSTIGATING IN TWO MEETINGS WITH JOSE VICENTE AND POMPEYO OF MAS AND JESUS RANGEL MARQUEZ F A R I A OF THE PCV. NEVERTHEIESS, ON THE WHOLE, THEINTEREST IN THIS ISSUE SEEMS TO BE DROPPING OFF AND DYING OUT RATHER RAPIDLY.

3. LIAISONS WITH DIM AND DISIP CONTINUE AS BEFORE- IF
ANYTHING, ODDLY WE ARE GETTING A LITTLE MORE OUT OF THESE
ASSOCIATIONS THAN BEFORE THE FLAP. AMBASSADOR'S INSTRUCTIONS ON
LIAISON BEFORE HE LEFT ON CONSULTATION VISIT WERE "BUSINESS AS
DENAL
SUAUAL AND LET THEM MAKE FIRST BREAK IF THEY WANT TO". IT WAS
AMBASSADOR'S OPINION THAT WHILE CAP WAS BLASTING CIA PUBLICLY HE

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WOULD NOT WANT TO SEVER ALL TIES ALTHOUGH AMBASSADOR, STILL

SOMETHING OF A POLLYANNA AT SUCH TIMES, SERIOUSLY UNDERESTIMATED

CAP'S INTENTION TO PNG TWO OF US AN ACTION WHICH CAME WITHIN

ONE HOUR OF OCCURING. ANYWAY, THOROUGOUT ALL OF THIS BOTH DIM

AND DISIP HAVE CONTINUED THEIR CONTACTS AND HAVE TRIED TO BE AS

FRIENDLY AND UNDERSTANDING, PERHAPS EVEN COVERTLY HELPFUL, AS

SITUATION WOULD ALLOW. TYPICAL OF LIAISON ATTITUDE IS DIM, COLONEL

C A T A L A N 'S CONVERSATION WITH CRYMM DURING PEAK OF CRISIS

HAVING DISCUSSED A VARIETY OF TOPICS OF COMMON OPS INTEREST,

CATALAN ASKED CRYMM, "WELL OTHERWISE, HOW ARE THINGS GOING?"

CRYMM REPLIED, "YOU WHOULD KNOW THE ANSWER TO THAT", TO WHICH

CATALAN SAID, SOMEWHAT GLUMLY, "YET, I SUPPOSE SO".

4. WE SHOULD NOT FOOL OURSELVES IN THINKING THAT THE WORLD
HERE IS NOT DIFFERENT, HOWEVER. WKSCARLET-9 COVERTLY REPORTED
THAT DISIP HAS DEFINITELY TAPPED AT LEAST COS'S HOME PHONE.
LIAISON OFFICER'S OFFICE LINE, AND TELEPHONES OF EX-COS LABANOW
AND JOE MANN, LCCAL NEW YORK TIMES REPRESENTATIVE. CAP HIMSELF
INSTRUCTED DISP DIRECTOR TO GO OUT AND GET CIA AND INDICATED TO
AMBASSADOR HE WAS HAVING SECURITY SERVICES LOOK INTO CIA
CONTACT IN VENEZUELA, PARTICULARLY THOSE WITH JOURNALISTS. TWICE

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IN LAST COUPLE OF DAYS STATION CASE OFFICERS HAVE ENCOUNTERED

WHAT CERTAINLY APPEARED TO BE SURVEILLANCES. WKIDET-3 REPORTS

THAT LAST WEEK CUBAN AMBASSADOR HERNANDEZ VISITED CAP AND PROVIDED

HIM A LIST OF ALL CIA PERSONNEL AND AGENTS THE CUBANS KNOW TO

BE OPERATING IN VENEZUELA. SO, AS CAN BE SEEN BY ALL OF THIS,

THE RELATIVELY EASY OPERATING CONDITIONS OF THE RECENT PAST NO

LONGER PERTAIN- PERHAPS THEY NEVER WILL AGAIN- AND WHILE WE ARE

NOT BECOMING PARANOID NOR WILL WE BE UNDULY SPOOKED, WE HAVE

ADJUSTED TO THE NEW AMBIENTE AND ARE NOW BEING MUCH MORE

CONSERVATIVE AND CAUTIOUS IN OUR ACTIVITIES THAN BEFORE.

5. NO FILE. E2, IMPDET.