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30 December 1961

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Copy No. C 56

CENTRAL INTELLIGENCE BULLETIN



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State Dept. review completed

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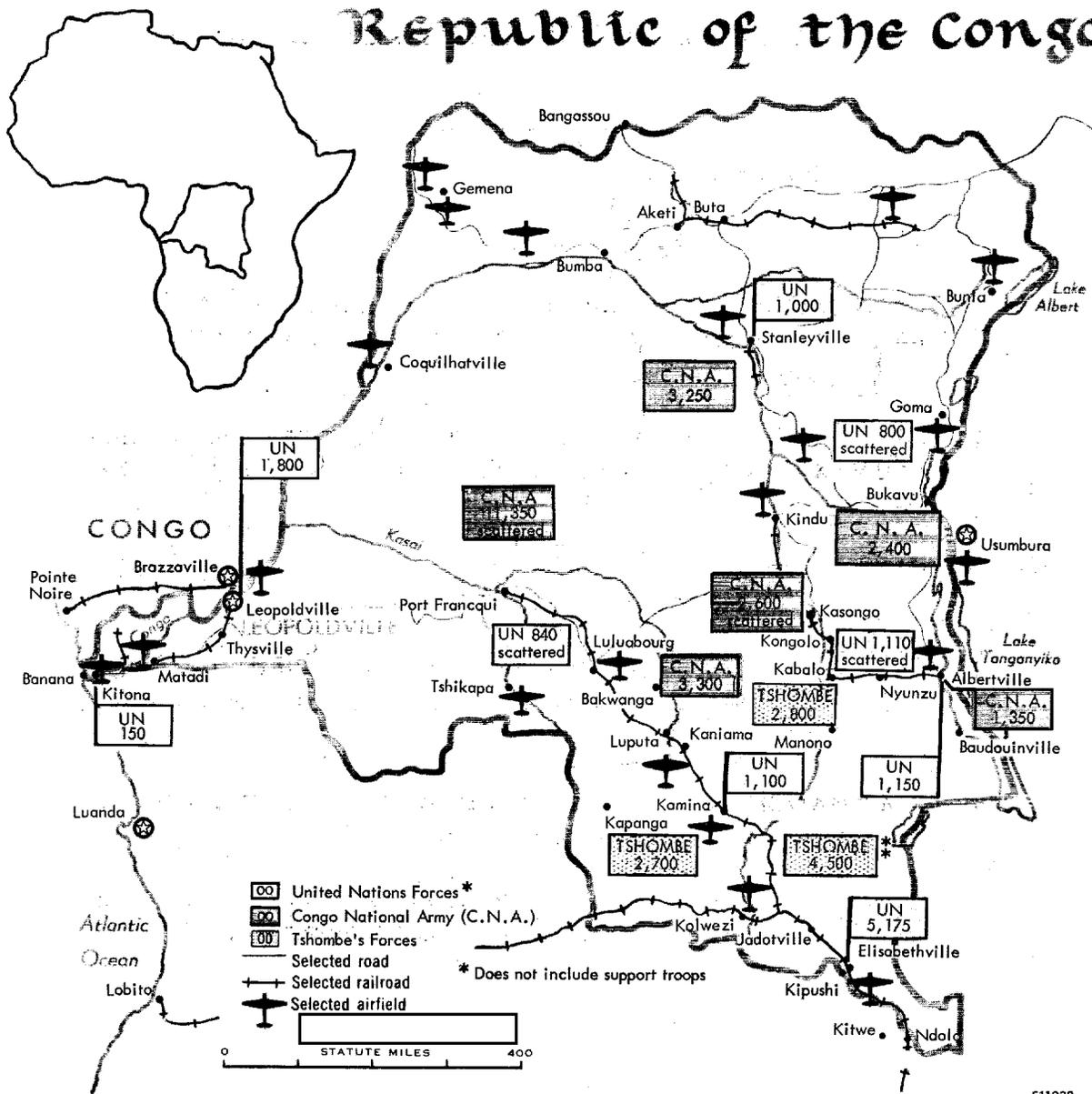
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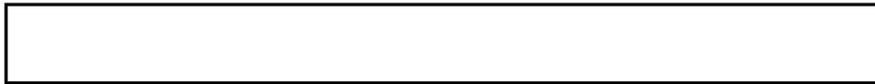
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Republic of the Congo



* The numerical strength of Tshombe's forces in the Elisabethville area has been reduced in the recent fighting, but there are no reliable figures on the number of casualties.



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*Congo: Premier Adoula appears to be following up his negotiations with Tshombé concerning Katanga with moves aimed at establishing the central government's authority in other recalcitrant areas of the Congo. On 29 December, the National Assembly charged "King" Albert Kalonji--who has administered his mineral-rich tribal fiefdom in southern Kasai virtually independently of the central government--with various misdemeanors and divested him of his immunity as a deputy. [On 28 December, Adoula advised UN representative Linner that parliament had voted to censure Gizenga for his separatist activities; Adoula had earlier indicated to Ambassador Gullion that following such censure he planned to drop Gizenga from his cabinet.] In general, however, the central government regards Gizenga and Kalonji as secondary problems, while viewing Katanga's reintegration with the Congo as vital to the country's economic and political well-being.

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Tshombé's 29 December claim that UN aircraft had joined in an attack on Kongolo by Stanleyville-based Congo Army troops is unconfirmed. Earlier reports of fighting between Congolese and Katangan forces near Baudouinville, however, suggest that Stanleyville forces are stepping up their incursions into northern Katanga. [redacted] (Map) [redacted]

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*India - Pakistan:

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[Redacted]

[Redacted] In a 28 December press conference Nehru reiterated his willingness to "talk" to the Pakistanis at any time, but only if "the existence of things as they are is accepted." Pakistani leaders apparently feel India's loss of prestige in some quarters as a result of the seizure of Goa provides a good opportunity to reopen the Kashmir question in the UN, and may be unwilling to forego this chance without some further indication of a genuine Indian willingness to compromise. [Redacted]

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*Chile: President Alessandri told US Ambassador Cole on 28 December that Chile is now in an acute foreign exchange crisis, largely because of the loss of confidence which resulted when receipts in 1961 fell \$180,000,000 short of the government's expectations. The minister of finance--though quoted in the press yesterday as stating that Chile does not plan any devaluation of its currency--told Cole on the 28th that Chile will be forced into an abrupt and disorderly devaluation by 6 January if no dollars become available. Cole considers that such a devaluation would threaten the collapse of Alessandri's program for restoring the Chilean economy and would greatly strengthen the leftist and pro-Communist forces which have been attacking this program.

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DAILY BRIEF

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[Redacted]

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A sudden heavy outflow of capital during December seems to have precipitated the present crisis. The economic situation in Chile has been precarious for several years, and the budgetary deficit has continued to increase. Until December, however, inflation and the outflow of capital have been fairly well controlled by Alessandri's "tight-money policy."

Arrangements with the West German Government are virtually complete for the extension of a DM 100-million credit (about US \$25 million), but this probably will not be available until after Chile's 6 January deadline. [redacted]

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Vietnam: North Vietnamese Foreign Minister Ung Van Khiem, terming recent US aid to South Vietnam "an act of direct armed aggression against our country," has asked the UK and USSR as co-chairmen of the 1954 Geneva conference to recommend withdrawal of US personnel and supplies from South Vietnam. Hanoi probably does not expect more than perfunctory attention from the co-chairmen. The note, broadcast by Hanoi on 28 December, is designed for propaganda purposes in the hope that heightened international concern would have some retarding effect on US support for Diem. Hanoi may also feel that such complaints over US involvement could be useful in justifying open Communist assistance to the Viet Cong.

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[redacted]

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[redacted]

[redacted]

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DAILY BRIEF

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[redacted]

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***France-Algeria:** De Gaulle's announcement yesterday that the bulk of the French armed forces will be regrouped in Europe during 1962 regardless of how the Algerian situation evolves signals concretely his determination to accelerate his program of French disengagement from Algeria. He specifically stated that transfer of two of the twelve army divisions now in Algeria as well as of several air force units will begin in January.

Without mentioning the provisional Algerian government (PAG) by name, De Gaulle suggested that the seven-year-old conflict might soon end with a "reciprocal accord," and he held out the prospect of French cooperation with a "sovereign and independent" Algeria, provided essential French interests are safeguarded. In an indirect warning to both the PAG and European settlers, he implied that only with such a cooperative French-Algerian relationship can there be peace between the European and Moslem communities in Algeria.

[Redacted]

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[Redacted] he is in effect once again gambling on military loyalty to his regime. Even his withdrawal of only two divisions from Algeria a few months ago was opposed by his key military advisers. [Redacted]

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[Redacted]

[Redacted] Paris still hopes to be able to announce a cease-fire and the resumption of public negotiations with the PAG in late January, there have been recent indications that many of the French military in Algeria remain tolerant of the anti-De Gaulle Secret Army Organization (OAS), and that Debré's office actually is less optimistic than heretofore that all major military units would remain loyal in a crisis.)

The initial reaction to De Gaulle's speech among the European settlers in Algeria reportedly has been marked by disappointment and rage, and, particularly in Oran, by street riots.

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This reaction may convince the OAS that the time is now ripe
for a last-ditch effort to block any French-PAG accord.

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Turkey

✓ Last month, following a free election, the military junta returned power to a civilian coalition government headed by Premier Ismet Inonu. However, the key field commanders, through their control of Turkey's armed forces, are capable of taking over the government a second time. This capability is recognized by and influences the actions of moderate political leaders such as Premier Inonu, President Cemal Gursel, and retired General Ragip Gumuspala, the leader of the Justice party, which, under military urging, is a participant in the Inonu coalition government.)

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✓ However, some politicians in the Justice party and in other parties appear unwilling to soft-pedal public statements which can be expected to provoke the military. Such politicians are urging prompt amnesty for the 460 members of Menderes' Democratic party who are now in prison. The military opposes amnesty, in part because it fears that the persons now in prison might come to power and take reprisals against the officers who overthrew Menderes in May 1960. It also fears that the release of Menderes' colleagues would pave the way for a restoration of policies which the military considers to have reversed the reforms of Turkey's great soldier-leader Ataturk.)

✓ In view of the explosiveness of the amnesty question, Inonu, who as the last living hero of Turkey's War of Independence has unique prestige with the military, told parliament on 25 December that he favored eventual amnesty, but insisted that it would be considered until peace and quiet had returned to the country.)

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There is danger that a bid for power by one faction might provoke a counterattempt by other factions to seize power, resulting in extensive bloodshed and disorders in contrast to the unopposed coup of May 1960.

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