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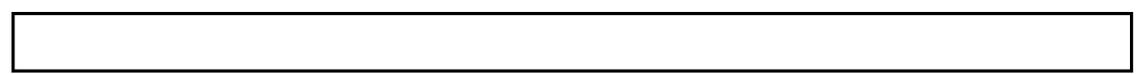
24 March 1962



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CENTRAL INTELLIGENCE BULLETIN



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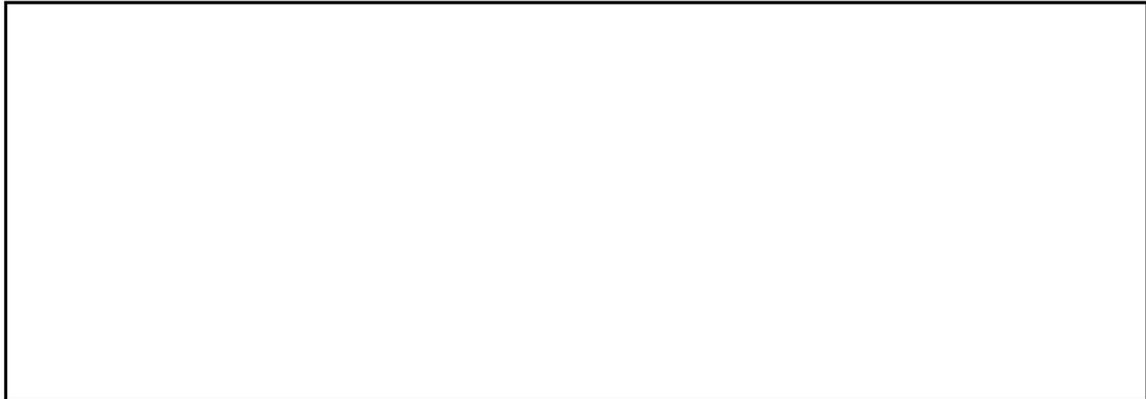
CENTRAL INTELLIGENCE BULLETIN

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***France-Algeria:** De Gaulle's prompt order to the French Army to put down the European "armed insurrection" following clashes between troops and Secret Army Organization (OAS) elements in Algiers indicates his intention to commit the army decisively to implement government policy. The Algiers outbreak may have been sparked by extremists beyond OAS chief Salan's control; Salan recently had reportedly wished to avoid a direct confrontation. If the OAS does not make a strong showing in the face of army action in Algiers or if it does not score a spectacular success elsewhere, its potential for sabotaging the government's program will decline.

[] Minister of the Armed Forces Messmer told a US Embassy officer on 21 March that he thought the situation in Algiers was "manageable," but that he feared "grave slaughter" in Oran. [] (Backup, Page 1)

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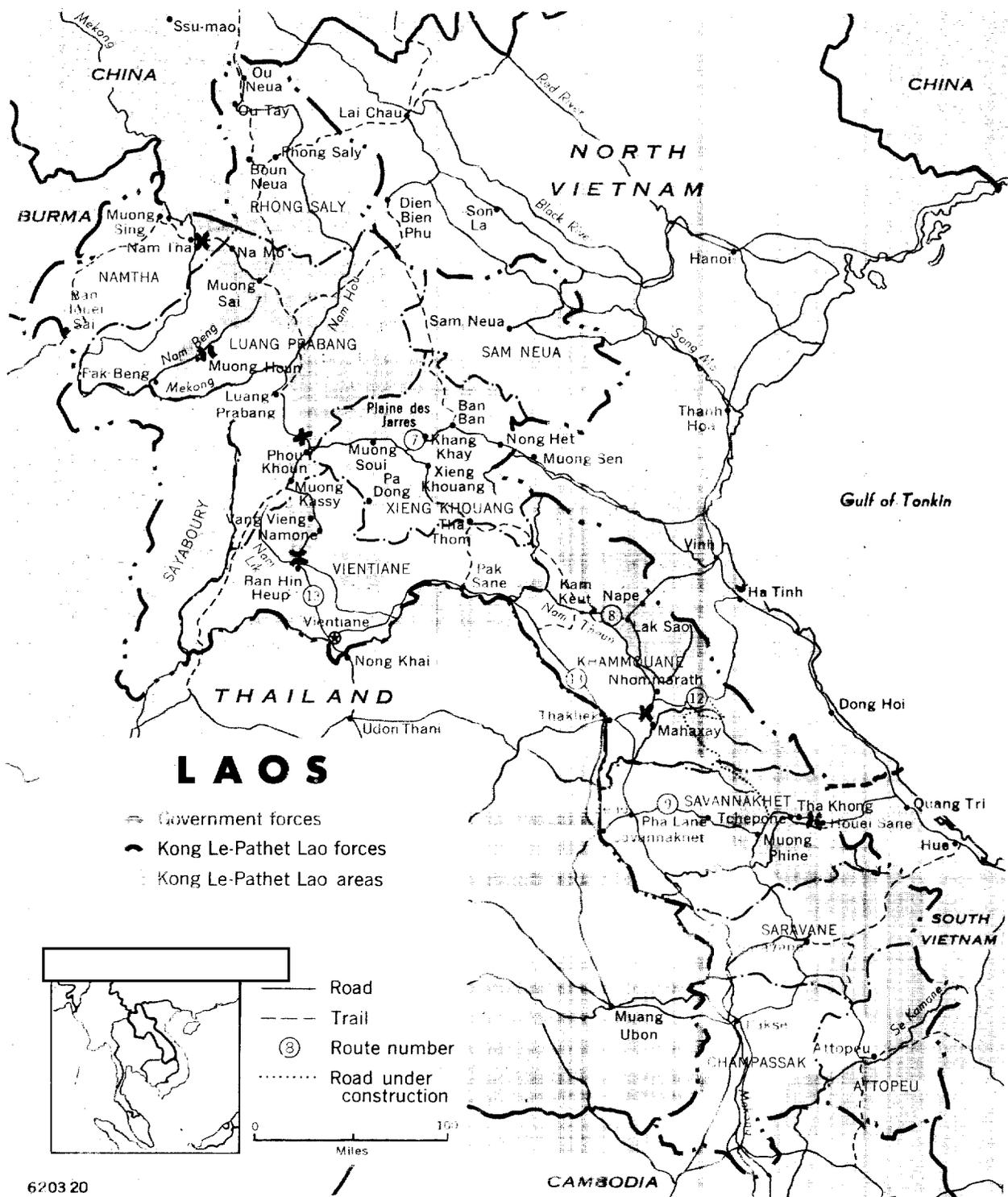
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*Syria-USSR: The heightened tension with Israel is moving the Syrian Government toward closer ties with the Soviet Union. Moscow has sent Damascus a note expressing support of Syria's opposition to the Israeli program for diverting the waters of the Jordan River. Prime Minister Dawalibi, in a meeting with the American ambassador on 22 March, urged the United States to take a public position that no action to divert the Jordan waters should be taken until a decision by the UN Security Council can be reached. The Security Council meets next Wednesday on the Syrian-Israeli border situation. Dawalibi, however, has indicated that he is confident he can rely on the USSR to veto any decision on the waters issue that might be adverse to Syrian interests.

The Syrian prime minister, pressing hard for US backing, predicted that if it became general knowledge that only the Soviet Union was supporting the Arabs and Syrians at this crucial time, there would be a popular ground swell toward the USSR. He claimed that his own middle-of-the-road government would be swept away and that there would be an explosion of anti-American sentiment throughout the Arab world. In a meeting of parliament on 21 March, there was widespread criticism of "Western states which provide Israel with arms and money," and socialist deputies demanded closer cooperation with the Soviet bloc.

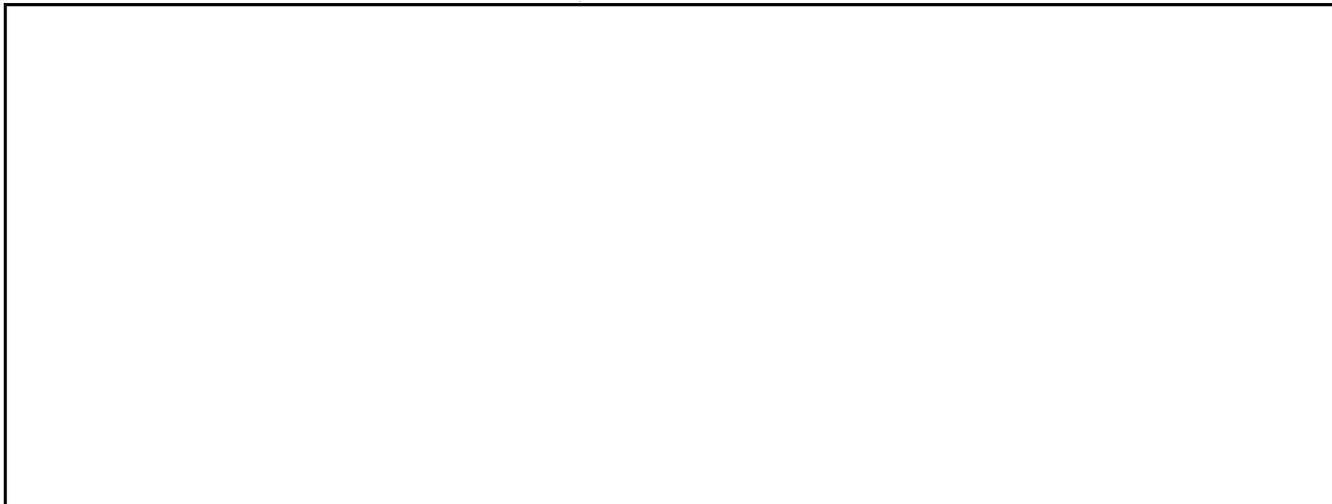
Laos: General Phoumi, who had earlier refused to meet with Assistant Secretary Harriman in Bangkok, now has agreed to meet with the Secretary and Prime Minister Sarit on 24 March in Nong Khai, a Thai border town southeast of Vientiane. Following this meeting, Secretary Harriman is scheduled to fly to Vientiane for further talks over the weekend with King Savang, Phoumi, and other government officials. Harriman, noting Phoumi's continued intransigence regarding the ministries of defense and interior, has stated that the prospects for successful negotiations with Phoumi are "not bright."

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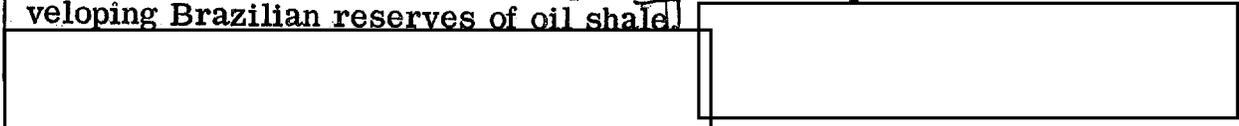
Brazil: President Goulart on 20 March reviewed with the US ambassador various aspects of his official visit to the United States which begins on 3 April. Goulart emphasized that he wanted to talk with President Kennedy alone, "without the limitations which the presence of Brazilian cabinet ministers might place on such a frank discussion." Goulart said the difficulties in Argentina reinforced his conviction that any economic stabilization effort in Brazil must not impinge unfairly on the working class and that the Alliance for Progress must include projects with a very broad social appeal. He laid special emphasis on plans for medical and dental centers in small towns. He further said he intends to discuss the problem of foreign-owned utilities in Brazil and the popular pressures for further expropriations. It is also likely that Goulart will raise the question of US help for developing Brazilian reserves of oil shale.

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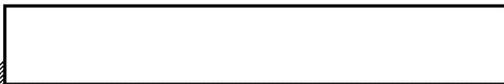


Chile-Bolivia: The Bolivian Foreign Ministry on 22 March sent an ultimatum to Chile threatening to call a meeting of OAS foreign ministers to consider charges of Chilean "aggression" against Bolivia. The ultimatum is a response to a Chilean note

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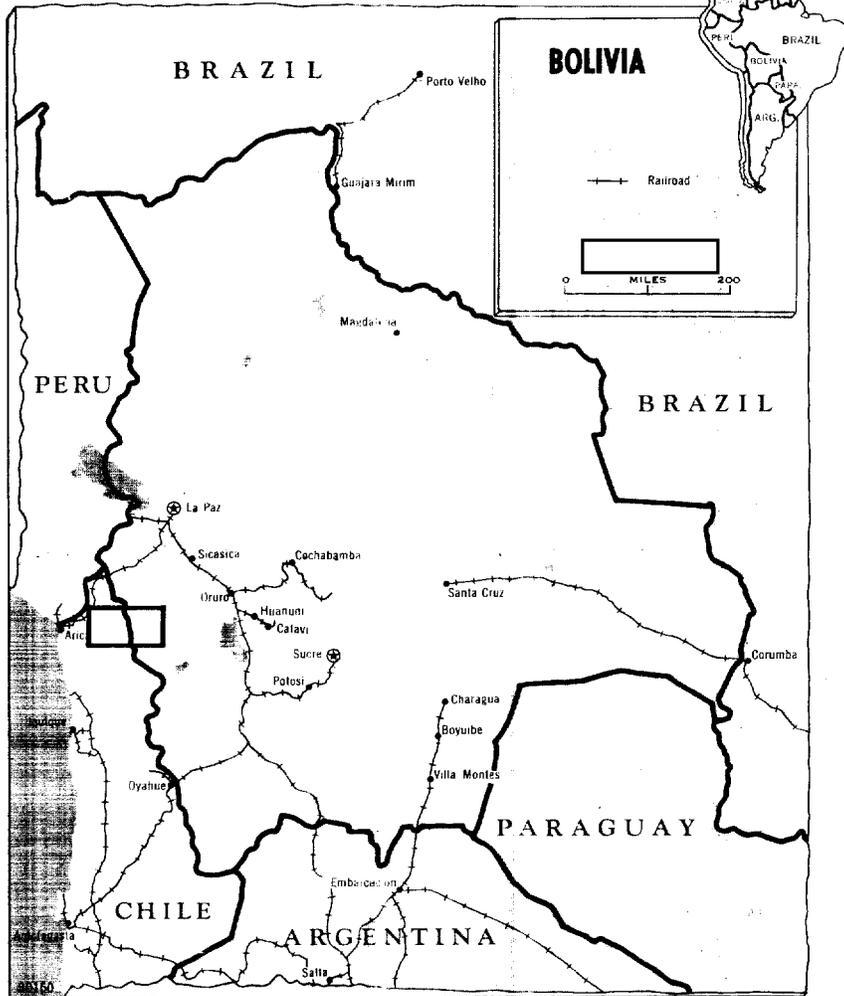
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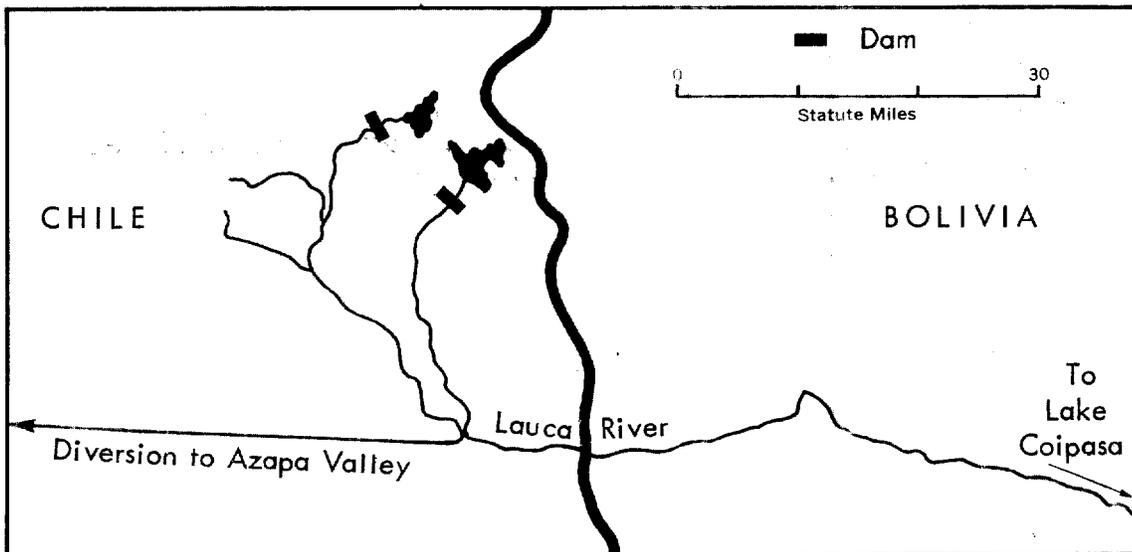
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LAUCA RIVER
VALLEY PROJECT



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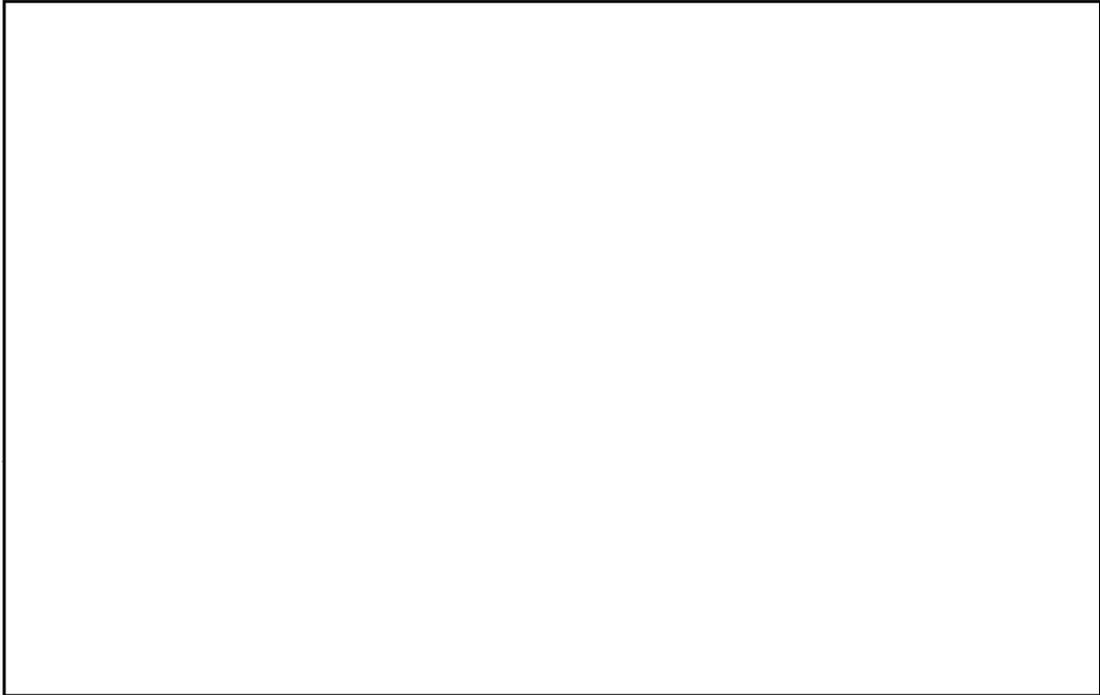
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stating that early in April, Chile intends to begin operating the hydroelectric power plant and the irrigation network it has constructed in the Chilean headwaters of the Lauca River. Bolivia charges that Chile's use of the river violates international practice and is an "act of aggression against Bolivia's sovereignty."

The Bolivian foreign minister told the US ambassador there would be "serious violence" in Bolivia if Chile carried out its plan. He hinted that the US should offer its good offices. The Bolivian Government may be exaggerating this issue as a means of diverting public attention from domestic problems and of forcing Santiago into negotiations on Bolivia's long-standing aspirations for a Pacific seaport.

(Backup, Page 4) (Map)



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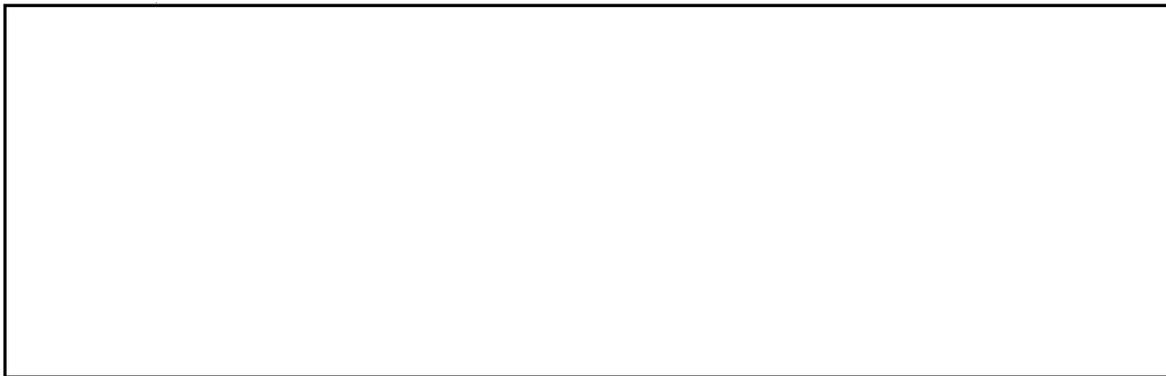
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*Argentina: The threat of a military takeover appears somewhat lessened by the agreement yesterday of the widely respected Lt. General Pedro Aramburu to help resolve the present political crisis and by the subsequent announcement that some of the cabinet posts in a proposed coalition have been filled. As of 0330 this morning, reports indicated that the ministers of defense, economics, labor and social security, and interior had been named. Negotiations were evidently still going on, however, and it was by no means clear that Frondizi would have a cabinet formed by the 26 March deadline set by the armed forces. In any event, a lasting agreement between Frondizi and the military is unlikely unless Frondizi shows willingness to break with his controversial adviser Frigerio.

Aramburu, as president of the provisional military government which followed Peron's overthrow in 1955, was the strongest influence in insisting on constitutionality when some military elements wanted to bloc Frondizi's inauguration in 1958. Since then Aramburu has frequently mediated disputes between Frondizi and the military, although he also is now disillusioned with Frondizi.

The general strike called by Peronista unions as a protest against government intervention in provinces where they won elections has thus far been ignored by two-thirds of organized labor and had no effect on transportation and communications facilities. [REDACTED]



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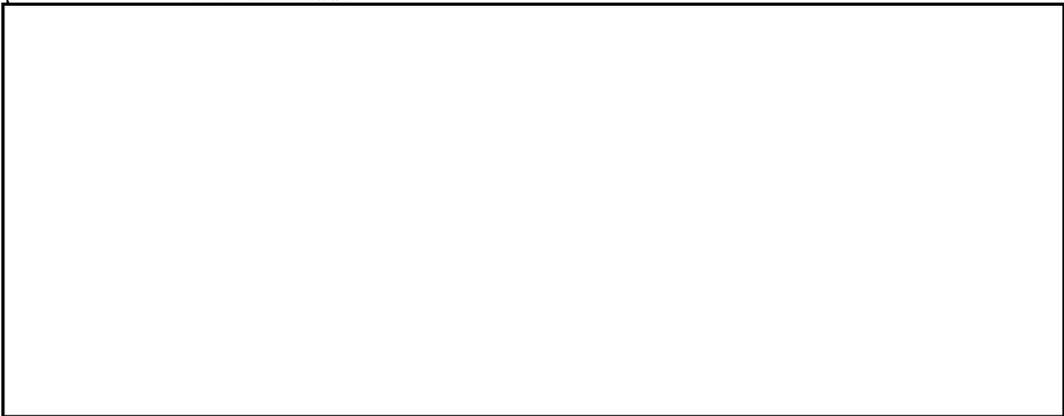
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Situation in Algeria

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US Consul Johnson in Algiers, who visited Oran in late January, noted that sentimental adherence of the European population to the OAS was more striking there than in Algiers. He attributed this partly to the higher proportion of Europeans to Moslems in Oran--almost 1 to 1, as contrasted with 3 to 5 in Algiers and its immediate surroundings. Johnson said that race hatred in Oran appeared even fiercer than in the working-class Bab-el-Oued quarter of Algiers, where the 23 March battle occurred. He noted that the OAS has made little effort in the Oran area to enlist Moslem backing, and he feels the Europeans are willing or even eager to drive all Moslems out if the OAS should seize the city and set up a European enclave.

[The Europeans of Oran are largely of Spanish descent and, according to Messmer, "more determined, more bloodthirsty, and harder to control" than those elsewhere in Algeria. Part of their determination to remain in Algeria at all costs stems from the fact that many fought against Franco in the Spanish civil war and realize that they would face an uncertain future if they returned to Spain.]

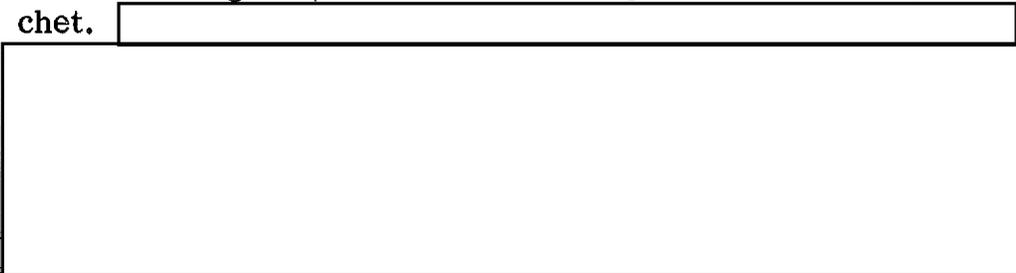
[Meanwhile, the French cabinet postponed its expected 23 March public announcement of the members of the provisional executive for Algeria, possibly to await further developments in the security situation there. However, it named]



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Bernard Tricot, a member of De Gaulle's entourage and reputedly one of his closest confidants, as deputy high commissioner for Algeria, to serve under High Commissioner Fouchet.



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Bolivia Protests Chilean River Project

Although Chile announced its plans for the hydroelectric-irrigation project in 1939 and consulted frequently with Bolivian authorities since construction began in 1948, the Bolivian Government made no protest until November 1961, when the completed installation was tested. In response to the Bolivian protest, the Chilean foreign minister passed to the Bolivian ambassador in Santiago a lengthy note reviewing the 23-year history of the project in full detail and pointing out that Bolivia, through lack of objection, had tacitly approved. The note was published in Chile on 5 December. Three days later, a Bolivian mob, reacting to statements by Bolivian officials, attacked the Chilean Embassy in La Paz in protest over Chile's "geographical aggression" and alleged insults to Bolivian national honor.

For about a month thereafter, the two nations exchanged charges and countercharges designed more to placate protesting domestic elements than to solve the basic problem. Since early February, however, negotiations have proceeded through normal diplomatic channels and it appeared that the dispute would be settled amicably.

The hydroelectric power derived from the Lauca River will be transmitted to Arica, and the water used in generating power will subsequently be used to irrigate the Azapa valley. Both functions of the project have obvious economic value to Chile. In contrast, Bolivia has no use for the water of the Lauca, which discharges into salty, landlocked Lake Coipasa, and has no plans for its use in the future.

One of the major factors in Bolivia's recent display of intransigence may be the belated realization that if Chile is permitted to tap the Lauca River, Bolivia may have to agree to Peru's using the water of Lake Titicaca.

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