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7 July 1962 25X1

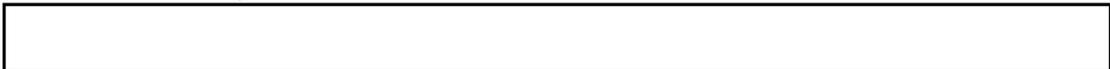


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CENTRAL

INTELLIGENCE

BULLETIN



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State Dept. review completed

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7 July 1962

CENTRAL INTELLIGENCE BULLETIN

CONTENTS

1. Communist China: Canton apparently under martial law. (*Page i*)



25X1

3. The situation in Algeria. (*Page iii*)

25X1



5. Israel-Jordan: Israel warns it may retaliate if further incidents occur in Jerusalem border area. (*Page tv*)
6. Burma: Ne Win pushing creation of new national political organization. (*Page v*)
7. Pakistan: Increasing defiance of Ayub developing in National Assembly. (*Page v*)

25X1



9. Singapore: Growing dissidence in governing People's Action Party is potential threat to projected Greater Malaysia Federation. (*Page vt*)

(Continued)

7 July 1962

CENTRAL INTELLIGENCE BULLETIN

CONTENTS

(Continued)

10. **Western Europe: Spaak to include prominent political leaders from Britain and Scandinavia in unofficial discussion of European political integration.** (*Page vii*)
11. **Peru: Haya de la Torre's party opposes his withdrawal as presidential candidate as demanded by military.** (*Page viii*)
12. **Brazil: Government crisis still unresolved; rioting in Rio area protesting local food shortages adds to atmosphere of unrest.** (*Page viii*)

CENTRAL INTELLIGENCE BULLETIN

7 July 1962

DAILY BRIEF

Communist China: Canton has been placed under what appears to be martial law, and conditions in the city are reported to be "tense." According to information received by the US consul general in Hong Kong, mainland suppliers have virtually stopped furnishing black marketeers in Hong Kong with Canton newspapers because of the greatly tightened security measures. Authorities in Canton reportedly are making house-to-house searches, and several thousand individuals have been arrested in the past two weeks.

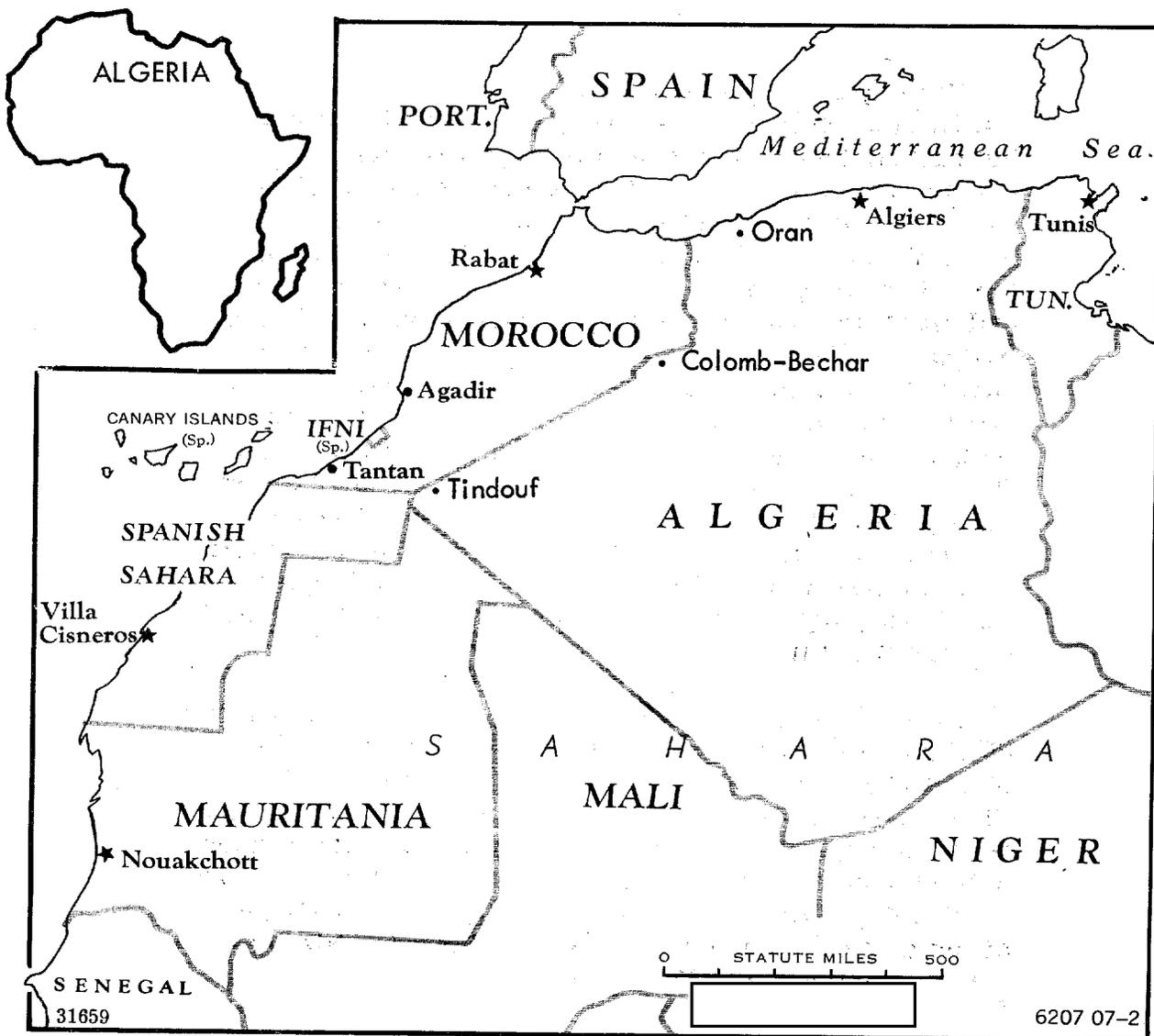
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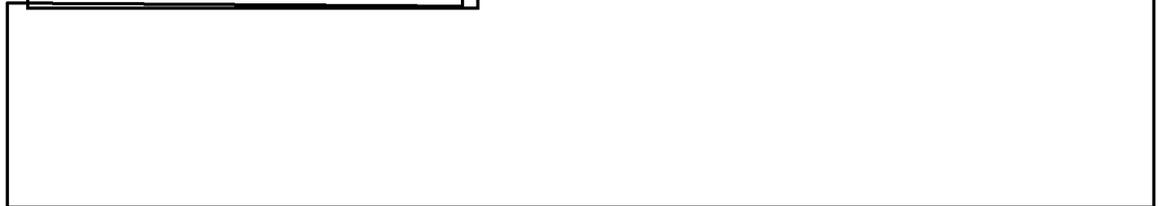
Algeria: The provisional Algerian government (PAG) was reshuffled on 6 July, apparently to improve administrative efficiency, but its influence outside the immediate Algiers area is tenuous. Violence continues in Oran, and dissident officers of the Algerian National Army (ALN) claim to have taken over the administration of the Oran region. ALN units are said to be entering Algeria from Morocco to consolidate control of this region. (French Minister for Algerian Affairs Joxe told a US Embassy officer on 5 July that unless the "central government" established its authority quickly throughout the country, some form of federalism would very likely develop.)

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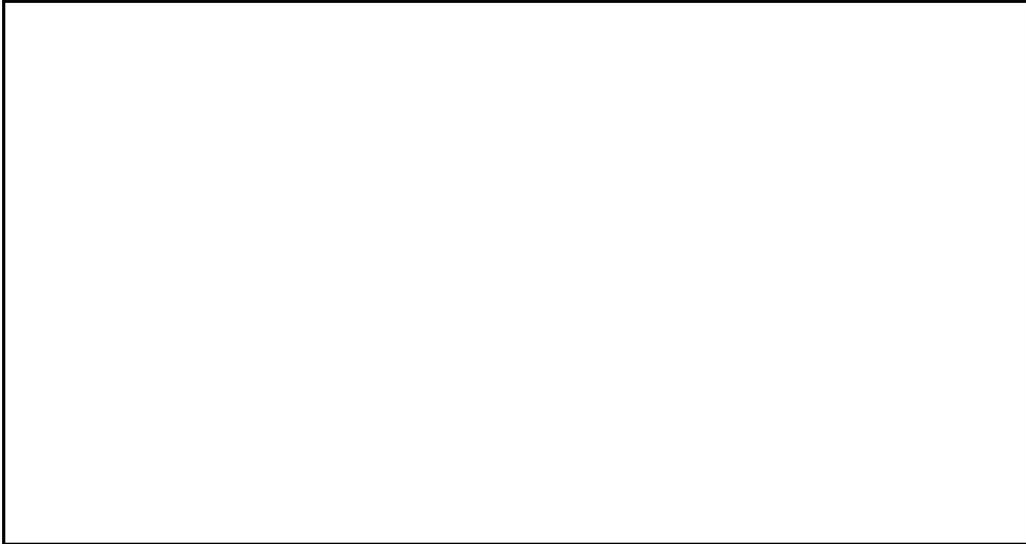


Morocco may meanwhile be moving to reinforce its claims to portions of the Algerian Sahara. A PAG spokesman claimed on 6 July that Moroccan troops have moved into Algerian territory near Colomb-Bechar; last week Moroccan troops apparently moved into the Tindouf region, which Rabat claims ex - PAG premier Ferhat Abbas earlier agreed to cede to Morocco.

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Israel-Jordan: Israel has warned that it may retaliate against Jordan if border incidents recur in Jerusalem similar to clashes on 14 June and 4 July, in which three Israeli soldiers were killed and three Israeli civilians wounded. Israel has accused the Jordanians of having made "deliberate and hostile assaults." The Jordanian Government has acknowledged that the shooting of an Israeli border guard on 14 June was the result of unauthorized action by its troops; each side blames the other for incidents on 4 July.

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Both sides have registered complaints with the UN Mixed Armistice Commission (MAC). However, Israel is disillusioned with that body and may carry out its threat if the MAC fails to prevent further Jordanian "provocations."

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Burma: General Ne Win is pushing ahead with his plan to create a new national political organization which borrows some features of the Communist system to support the work of his Union Revolutionary Council (URC). On 4 July the URC published a constitution for a pilot organization, whose membership is to be small, carefully selected, and trained to carry out the government's program to make Burma a socialist state. After an indefinite period of tutelage, during which the URC would select its officers and members, the organization is to become a totalitarian "people's party" responsive to the demands of the government leadership.

It is unlikely that Burmese political leaders will cooperate voluntarily with Ne Win's plan. The scheme probably will increase popular opposition, already widespread, and add to dissension within the URC.

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Pakistan: Increasing defiance of President Ayub has been developing in the National Assembly since it convened in early June under the constitution Ayub promulgated last March. On 6 July, 90 of 156 members of the assembly walked out in protest against the arrest of Qayyum Khan, a prominent politician who was publicly opposing Ayub despite a ruling barring him from political activity.

The politicians have been preoccupied with developing voting blocs in the national and two provincial assemblies and with increasing their opportunities for political maneuvering. Their performance has probably convinced Ayub that they are as irresponsible and self-centered as when he ousted them from power four years ago, and he will probably not tolerate their present behavior for long.

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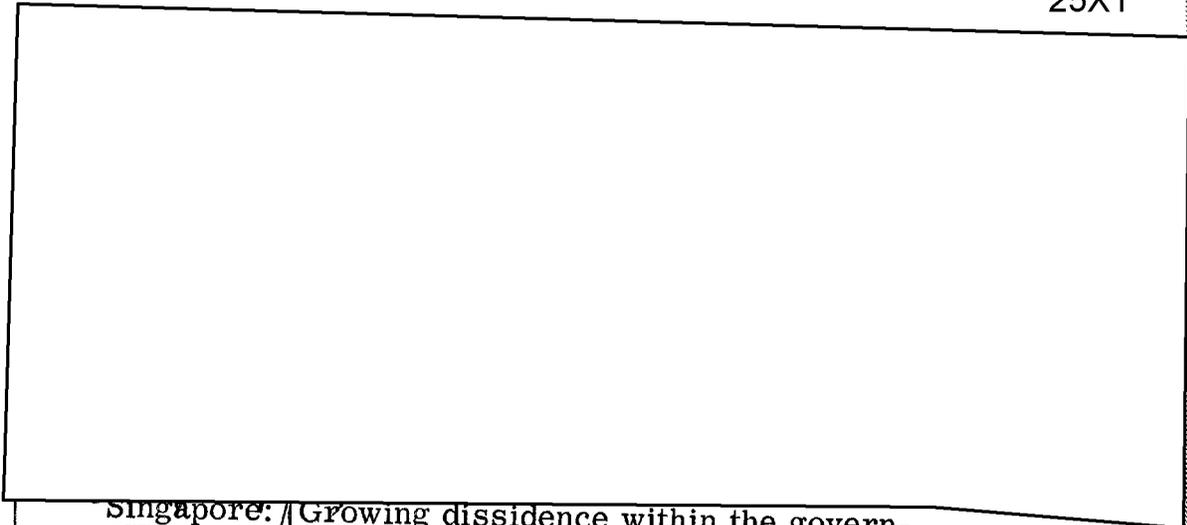
7 July 62

DAILY BRIEF

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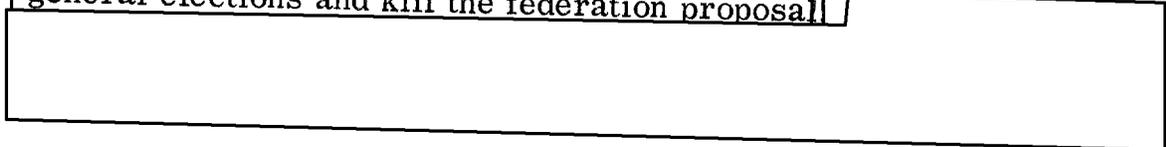


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Singapore: (Growing dissidence within the governing People's Action Party (PAP) in Singapore poses a potential block to formation of the projected Greater Malaysia Federation, which is to comprise Singapore, Malaya, and the Borneo territories of Brunei, Sarawak, and North Borneo. On 3 July the PAP lost its Legislative Assembly majority of one when a member resigned in protest against Prime Minister Lee Kuan Yew's "dictatorial" methods. Leftist leaders in the assembly quickly introduced a "no-confidence" motion, to be debated on 12 July. If the Lee government should fall on this or subsequent tests before Greater Malaysia is formed--possibly as late as mid-1963--there is a good chance that the Barisan Socialist party would win new general elections and kill the federation proposal

25X1



7 July 62

DAILY BRIEF

vi

Western Europe: Belgian Foreign Minister Spaak has invited about forty prominent political figures from Britain, Scandinavia, and the Common Market (EEC) countries to meet with him in Brussels on 18 July to discuss privately and unofficially the future development of European political integration. In a conversation with US Deputy Assistant Secretary Tyler on 3 July, Spaak said he thought it would be clear by the end of July whether the UK-EEC accession talks would succeed, and that in this "most critical time" he wanted to explore ideas with a number of European countries.

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Spaak took the lead last April in postponing further consideration by the Six of a draft treaty for political union, mainly because he believes that British accession to EEC will radically alter the outlook for European political union. He now apparently feels there is a good chance that the European community will be substantially enlarged, and wants to ascertain how much grass-roots support there is for a union with more supranational features than those envisaged in April.

Spaak's initiative and the Adenauer - De Gaulle statement on 5 July will stimulate renewed consideration of a political treaty, but final agreement within the next few months still appears unlikely.

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Peru: No final answer has been given to the ultimatum of the Peruvian armed forces that Victor Raul Haya de la Torre must renounce his presidential candidacy "by the end of the week!" Haya, in an effort to prevent a military coup, had offered to withdraw, but leaders of his APRA party refused to agree. An extraordinary national convention, convoked on 4 July and still in session, has demanded that he stay and "carry on the fight with the support of the people who elected him" on 10 June. [REDACTED]

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*Brazil: The government crisis remains unresolved as President Goulart continues his fight for supremacy over the Brazilian legislature. Goulart must nominate a new prime minister by Monday, according to the constitution. His first choice for the post was rejected by the Chamber of Deputies last week; his second choice, confirmed by the Chamber, resigned on 4 July over a dispute with Goulart about cabinet appointments. Goulart now appears to be seeking a candidate from the conservative Social Democratic party who would be acceptable to the Chamber of Deputies but who would agree to work toward restoration of a strong presidential system. His supporters are also seeking court action to restore the presidential system and abolish the prime ministry.

The strikes which were called in major Brazilian cities this week to support the President against congressional opposition appear to be tapering off; they showed considerable effectiveness, however, and will likely be resumed if another Goulart-Congress impasse develops. Meanwhile, shortages of certain basic foods in several major cities--caused largely by distributors' speculative withholding of goods from the market--have contributed to the atmosphere of unrest and resulted in some rioting in the Rio de Janeiro area. [REDACTED]

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Peruvian Election Developments

General Manuel Odria, former dictator who placed third in the 10 June election, urged Haya to stay. Odria insists on compliance with the constitutional provision that when no candidate has received more than one third of the total popular vote, congress must choose among the top three. A coalition between Odria's National Union (UNO) and Haya's APRA had been negotiated in principle but not in detail before the armed forces issued their ultimatum. The APRA-UNO coalition would have a majority in both chambers when congress meets on 28 July, and could select either Haya or Odria, although the preponderance of APRA members favors the selection of Haya.

Fernando Belaunde Terry, who has had the support of both the anti-APRA armed forces and the Communists, insists that he is the president-elect because Haya's lead is based on "fraudulent" ballots. Belaunde alleges that the National Elections Board "must" disqualify enough APRA ballots to give him an undisputed third of the popular vote, thus avoiding congressional action. His stand is backed by the armed forces, who have threatened since March forcibly to prevent Haya from occupying the presidency.

Violence is likely in any event. Belaunde has threatened to lead his followers in an armed insurrection if he is not installed as president. His threat is no idle one; Communists and other leftists who have been advocating violent revolution for several years are eager to follow him in such a venture. The labor unions controlled by APRA, comprising at least 80 percent of Peruvian labor, are prepared to call a general strike if they believe Haya is "cheated" out of the presidency. APRA's 30-year history of violence indicates the party's willingness and ability to fight. [REDACTED]

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The Vice President

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Special Counsel to the President

Military Representative of the President

The Special Assistant for National Security Affairs

The Scientific Adviser to the President

The Director of the Budget

The Director, Office of Emergency Planning

The Director, National Aeronautics and Space Administration

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

The Counselor and Chairman of the Policy Planning Council

The Director of Intelligence and Research

The Treasury Department

The Secretary of the Treasury

The Under Secretary of the Treasury

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Assistant Secretary of Defense (International Security Affairs)

The Assistant Secretary of Defense

The Chairman, The Joint Chiefs of Staff

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Chief of Staff, United States Army

Commandant, United States Marine Corps

U. S. Rep., Military Committee and Standing Group, NATO

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Director, Defense Intelligence Agency

The Director, The Joint Staff

The Director for Intelligence, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

The Director of Naval Intelligence, Department of Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

The Department of Justice

The Attorney General

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The Atomic Energy Commission

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