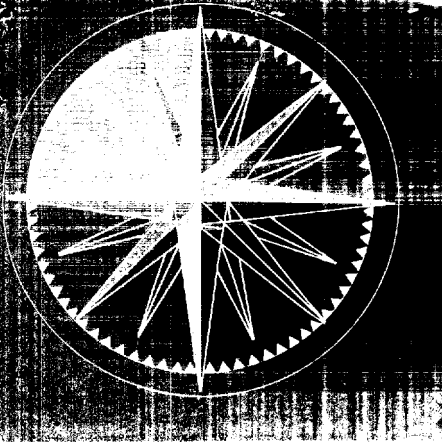


28 August 1964

OCI No. 0346/64

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WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

State Dept. review
completed

DIA review
completed.

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C O N T E N T S

(Information as of 1200 EDT, 27 August 1964)

<u>THE COMMUNIST WORLD</u>		<u>Page</u>
<p>VIET AND CHINESE AID TO TANGANYIKA AND ZANZIBAR Moscow is concluding new economic aid pacts and stepping up its military aid. China is sending economic advisers, and has sent a delegation to negotiate specific aid contracts.</p>	1	
<p>MOSCOW RETREATS ON AFRO-ASIAN CONFERENCE Moscow has made a tactical withdrawal on the question of Soviet participation at the Afro-Asian conference next spring by indicating that the USSR will not make its support for the meeting dependent on an invitation.</p>	2	
<p>KHRUSHCHEV'S TRIP TO THE MAJOR GRAIN AREAS The tenor of his speeches suggests that his immediate interest is to get this year's harvest in quickly with minimal losses. His proposed changes in policy and organization will be discussed by the central committee in November.</p>	3	
<p>BLOC'S FRIENDSHIP OIL PIPELINE OPERATIONAL BY OCTOBER The main section will be in operation in October, almost a year behind schedule. A 690-mile section is apparently only 32 inches in diameter instead of 40 inches as planned.</p>	4	
<p>CHANGES IN YUGOSLAV AGRICULTURAL POLICY Recent price increases for agricultural products represent a basic change in policy, particularly toward private farmers, and place economic needs before the long-run political goal of socializing agriculture.</p>	4	
<p>CAUTION CHARACTERIZES RUMANIAN NATIONAL DAY CELEBRATIONS Both hosts and guests avoided polemics and controversial actions during the festivities, but Rumanian leaders did not pass up the opportunity to emphasize nationalistic themes.</p>	5	
 <u>ASIA-AFRICA</u> 		
<p>POLITICAL CRISIS IN SOUTH VIETNAM The inability of the Military Revolutionary Council to agree on a single new chief of state reflects serious internal divisions. The Viet Cong have not yet taken advantage of the situation.</p>	6	

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SECRETASIA-AFRICA (continued)Page

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THE CYPRUS SITUATION

7

Growing estrangement between Athens and Nicosia appears to have been papered over during President Makarios' 25 August visit to Athens. Turkey's insistence on rotating part of its contingent on Cyprus could lead to a new incident.

DEVELOPMENTS IN THE CONGO

8

Although the rebels have failed to take Bukavu, they have made other gains in northeastern Congo. Early intervention by the Organization of African Unity appears increasingly likely.

SOUTH KOREAN STUDENTS STILL RESTIVE

9

Opposition student leaders have spent the summer strengthening their organizations, and Seoul authorities fear new trouble after the school year begins on 1 September.

EUROPE

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AREA NOTE

11

On Italy

THE BERLIN PASS TALKS

12

Three unresolved points remain but agreement is expected by early November to allow Christmas visitations again this year. Additional provisions will allow visits during the year.

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WESTERN HEMISPHERE

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[Redacted]

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PRE-ELECTION MANEUVERS BEGINNING IN BRITISH GUIANA 13
Jagan's People's Progressive Party will contest the
general elections still opposing proportional repre-
sentation.

[Redacted]

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CHILE NEARS CRUCIAL 4 SEPTEMBER PRESIDENTIAL ELECTIONS 14
Most Chilean observers consider Senator Frei as a
sure winner, but the Communist-Socialist candidate
Allende is still a threat.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

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The Communist World

SOVIET AND CHINESE AID TO TANGANYIKA AND ZANZIBAR

Moscow is concluding new economic aid pacts and stepping up its military aid activities in the United Republic of Tanganyika and Zanzibar (URTZ).

In an effort to expand its influence as well as to counter increasing Chinese Communist and Western activities, the USSR now has agreed to provide unspecified economic and technical assistance. A Soviet delegation probably will be sent to conduct preliminary surveys and to conclude specific details of the program and amounts of credit. Soviet assistance had been limited to small military shipments to Zanzibar and the presence of small groups of technical personnel in Tanganyika and Zanzibar.

China, following through on the \$31-million economic aid program to the United Republic signed in June, has sent a delegation to Dar es Salaam to negotiate specific aid contracts. Three projects--an experimental state farm, a textile plant, and an agricultural implements factory--had already been agreed upon in principle. Although Chinese economic technicians continue to arrive in Zanzibar to work as advisers in various fields--the total now is over 50--little progress appears to have been made under China's separate

aid agreement with Zanzibar. To date, none of the \$14 million in economic credits has been allocated to specific projects. Peiping's effort to expand into the military assistance field will be limited by its inability to match bloc military equipment more readily available from the USSR.

Soviet arms shipments thus far have included some artillery, military vehicles, one "light" plane, and small arms. A group of 17 Soviet military technicians has been training Zanzibari personnel since spring. The influx of 90 Soviet personnel last week included some 20-24 additional specialists, with dependents, to beef up the present Soviet military advisory group. A Soviet military delegation led by a high-ranking official from the Defense Ministry also was among the recent arrivals. This delegation probably is embarked on a good-will mission--inspecting Soviet military equipment and training and assessing military requirements. Any expansion of Soviet military training to include both Tanganyikans and Zanzibaris presumably will be used by Moscow to introduce additional personnel and equipment. 25X1

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The Communist World

MOSCOW RETREATS ON AFRO-ASIAN CONFERENCE

Moscow has made a tactical withdrawal on the question of Soviet participation in the second Afro-Asian Conference. In an official statement to African and Asian countries recently published in Pravda, Moscow reasserted its right to attend, stressed that Soviet participation would help in realizing the aims of the conference, but indicated that the USSR's support for the Afro-Asian movement will not depend on an invitation to the meeting.

Moscow had declared on 4 May that it would support the conference only if its aim is "the unity of all anti-imperialist forces." A government statement at that time suggested that a conference from which Peiping was allowed to exclude the USSR would not foster Afro-Asian unity. The latest statement suggests that Moscow's subsequent campaign

--including pressure from Mikoyan during his visits to Indonesia, Japan, and other Asian countries --to rally strong support for Soviet participation fell short of its goal.

The dominant reaction of Afro-Asian governments was apparently one of embarrassment and reluctance to become involved in Sino-Soviet bickering. The Soviets probably concluded that further pressure would have negative results.

Despite Moscow's latest pronouncement, however, the question of Soviet participation in the coming conference is bound to arise again. The Russians can be expected to make further efforts to exploit the issue by accusing Peiping of flagrant attempts to split, weaken, and dominate the Afro-Asian movement.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

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The Communist World

KHRUSHCHEV'S TRIP TO THE MAJOR GRAIN AREAS

Khrushchev's tour of the provinces during the first half of August underscored the importance of this year's harvest to the Soviet economy. With a good grain crop ripening in the fields, he urged local officials to get the harvest in on time and with minimal losses. Speed is particularly important this year, because the late spring shortened the harvest period in the crucial new lands areas.

Specific points proposed by Khrushchev during this trip clearly show the extent to which over-all agricultural policy and organization remain in flux. Several of his suggested approaches either repeat past proposals that were never put into practice or supplant organizational innovations that have been ignored, even though approved. The tenor of his remarks, moreover, indicated that his greatest interest at this time is in completing this year's harvest satisfactorily. The central committee plenum in November--first announced during this trip--will consider his new suggestions.

Reflecting the impact of Western agricultural experience, the Soviet premier plugged for a county agent system to bring the latest in technological developments to the farms. Similarly, he again advocated large-scale poultry, dairy, and hog farms along the lines of US practice.

In a different vein Khrushchev suggested that specialized agencies be established to supervise the production of individual crops and the different kinds of livestock; the relevant research and experimental stations would also be under their jurisdiction. He did not identify what agencies these vaguely defined entities might replace, or at what administrative level they would function. His proposal that a group of agricultural workers be responsible for all operations on a particular plot of ground, from sowing to harvesting, is a continuation of his program to grant more direct incentives to the workers. Extension of such a system, which is currently in the experimental stage, could be one of the major reforms proposed for the forthcoming plenum.

Khrushchev's proposal that farms growing produce for sale in the cities operate their own retail outlets, but with maximum prices set by the state, appears unrealistic. On the other hand his suggestion to allow larger farms to store grain temporarily in their own facilities would ease the existing harvest problems of manpower mobilization, work scheduling, unrepaired and defective machinery, and unsuitable transport vehicles temporarily requisitioned from the military.

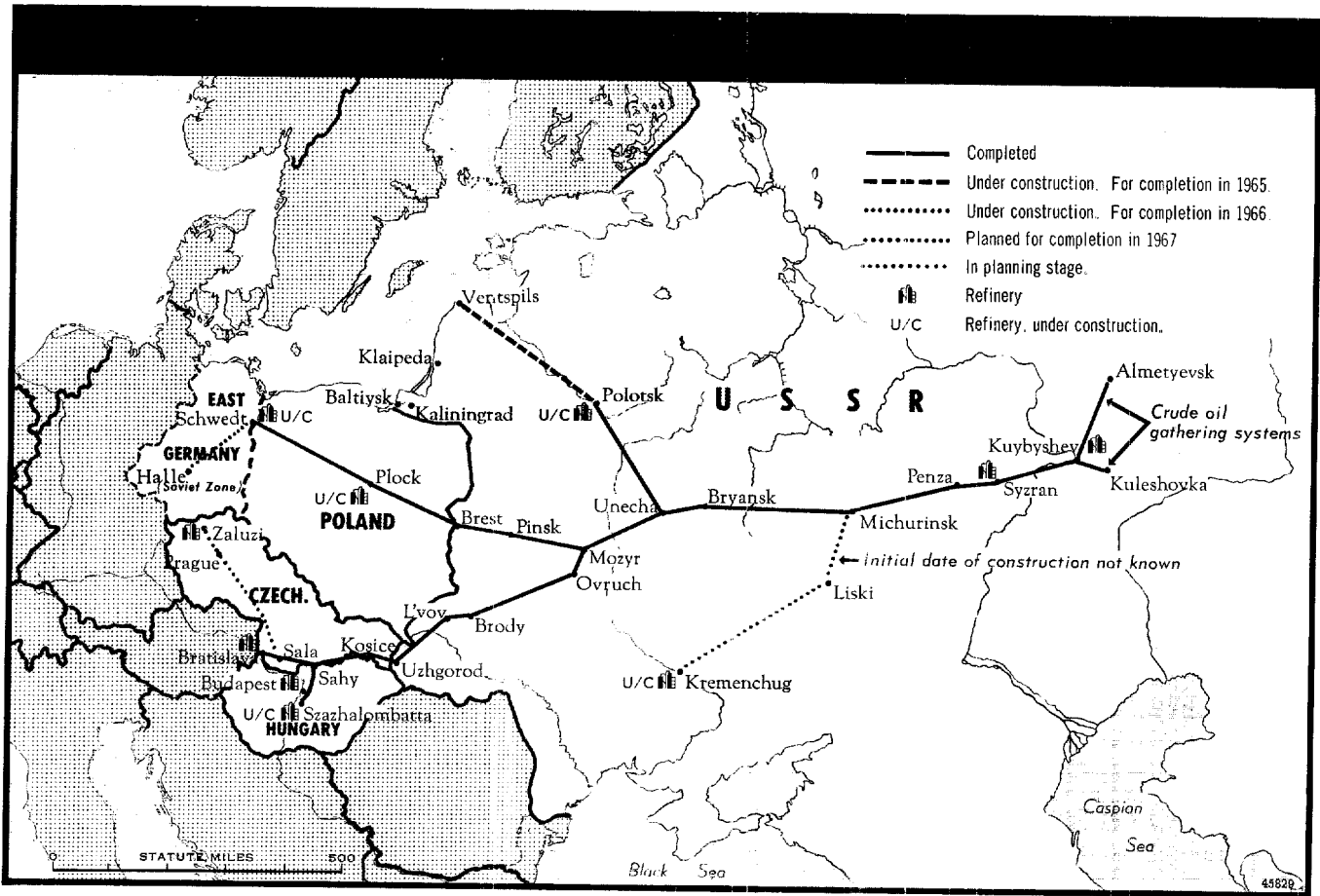
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The Communist World

BLOC'S FRIENDSHIP OIL PIPELINE OPERATIONAL BY OCTOBER

The main section of the Friendship Oil Pipeline from the USSR to Eastern Europe (see map) will be in operation this October, almost a year behind schedule. The section from Penza to Mozyr, a distance of 690 miles, was reportedly built with 32-inch pipe instead of 40-inch pipe as originally planned.

The use of smaller diameter pipe was apparently dictated primarily by the continued priority given to construction of gas pipelines. Of the 3,000 miles of 40-inch pipe that has been laid in the USSR, oil pipeline accounts for only 10 percent. The remainder is used to carry gas from the Gazli field in Uzbek to the Ural indus-

trial region and from the North Caucasus and western Ukrainian fields to the Moscow area. Only one fourth of all 40-inch pipe has been produced domestically. The remainder came from contracts with West Germany, Italy, and Sweden in effect prior to the NATO embargo.

When Eastern Europe's refinery construction program is completed by 1970, the Friendship pipeline will not be able to handle the quantities of crude oil required for capacity operation of the refineries. Because the 32-inch pipe reduces the annual estimated maximum capacity from 48 million metric tons (MMT) to 24 MMT, 25X1 plans apparently have been formulated to parallel the entire system.

CHANGES IN YUGOSLAV AGRICULTURAL POLICY

The Yugoslav Government's recent decision to raise substantially the minimum guaranteed prices for a wide range of agricultural products is an effort to bring production out of the stagnation that has characterized recent years. The decision represents a basic policy change, providing for a major increase in agricultural incomes relative to those outside agriculture and a reduction in the discrimination against private farmers, who own more than 85 percent of the country's arable land. In enacting this decree, Yugoslavia is placing economic needs before the long-run political goal of socializing agriculture.

Since World War II, the Yugoslav Government has kept agricultural prices artificially low to

finance industrialization and has favored state-controlled farms with rebates and subsidies which were not applicable to the private peasant. Since 1959, prices of agricultural products had been allowed to rise, but they were still too low to permit profitable operations by socialized agricultural enterprises or to induce private farmers to produce enough for the market. Even with the new incentives, Yugoslav agriculture will continue to be hampered by backward techniques, small farms and insufficient supplies such as fertilizer.

In the long run the price increases, which will benefit the private farmer as well as the socialized producers, are likely to stimulate both production and sales to the state. To date, however, the

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The Communist World

price increases are not having the desired effect. The wheat crop did not come up to the optimistic forecasts in late June. Consequently, farmers kept back a larger percentage of crops than expected for their own use. They may also be withholding wheat from the market in expectation of further price increases. In order to meet the cities' needs this year, the government has increased

by a third its original request for 900,000 tons of PL-480 wheat.

The increase in prices of agricultural products is substantially increasing the cost of living of urban families. Workers' incomes are being raised but not enough in some cases to cover increased living expenses. However, continuing rapid industrial growth should permit further wage increases that will remove many of these inequities. 25X1

CAUTION CHARACTERIZES RUMANIAN NATIONAL DAY CELEBRATIONS

During festivities on 23 August marking the 20th anniversary of Rumania's National Day, both hosts and guests avoided polemics and controversial actions. In contrast to the recent Polish 20th anniversary celebration, representatives of the Soviet and Chinese camps and Yugoslavia attended, all apparently trying to woo the independent-minded Rumanians.

The Rumanian leaders did not, however, pass up the opportunity to emphasize such nationalistic themes as Rumania's economic success and the importance of independence and sovereignty in relations with all states. Party First Secretary Dej also said in his major address that "life shows that strict respect for the inalienable right of all peoples to decide their own fate is an essential requirement for the consolidation of peace." On the other hand, Bucharest carefully avoided comment on current problems in international Communist relations which might aggravate either the Russians or the Chinese.

Speeches by the delegates, too, were devoid of comment on Sino-Soviet relations. This restraint was in deference to the presence of rep-

resentatives from both camps, as well as to Rumania's continued public reluctance to support Moscow's proposal for a preparatory meeting of Communist parties.

Against this carefully staged backdrop of fraternity, however, the Rumanian party appears to have started a cautious but more determined campaign to have Moscow alter its plans for the projected meeting.

In a recent series of press conferences held at home and abroad in connection with the anniversary, Rumanian diplomats declined to commit themselves when asked if Bucharest would send representatives. 25X1

Bucharest may not commit itself publicly until it has determined whether or not it can rally support from other Soviet-oriented parties.

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Asia-Africa

POLITICAL CRISIS IN SOUTH VIETNAM

The inability of the Military Revolutionary Council (MRC) in Saigon to agree on a new chief of state and its compromise selection of a temporary triumvirate of Generals Khanh, Minh, and Khiem reflect serious internal divisions. It also casts doubt on the ability of the present Vietnamese leaders to develop political arrangements which will dampen urban unrest.

According to a communiqué issued on 27 August, the MRC voted to dissolve itself after selecting the new "steering" triumvirate. The communiqué also said that the 16 August charter, which elevated Khanh to the presidency and touched off the latest crisis, has been revoked. Khanh's cabinet will administer the country "temporarily," pending convocation within sixty days of a national congress to select a new chief of state. The congress also is to "set up national organs in conformity with the people's aspirations."

Early opposition developed within the MRC to Khanh's plan to have the council dissolve itself. This opposition appears to have stemmed primarily from officers associated with the Dai Viet Party, while General Khiem played both sides. The triumvirate is evidently a stopgap.

It is by no means certain that this maneuver will succeed. The Buddhist leadership probably will not accept an enhanced political role for Khiem, whom they associate with the old Diem regime. Demonstrations by Buddhists and students in the northern cities of Hue and Da Nang have reflected a strong suspicion of MRC intentions. Violence has again flared in Saigon where tensions were heightened by reports that troops had fired on Catholic demonstrators.

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Although Communist military activity--particularly terrorism--continued to increase gradually this week, no specific Viet Cong military exploitation of the current crisis has been noted. Three bombing incidents which occurred in Saigon during the week were probably the work of Viet Cong taking advantage of police preoccupation with student and Buddhist demonstrations.

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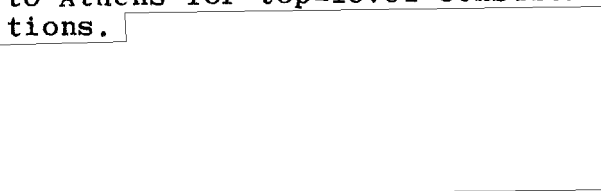
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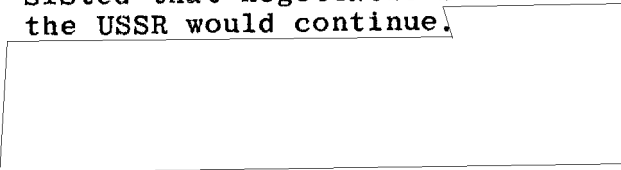
Asia-Africa

THE CYPRUS SITUATION

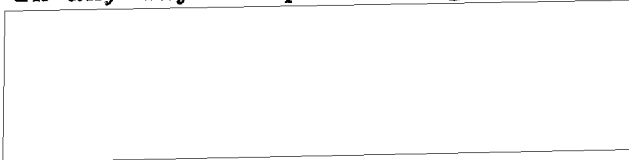
While intensive diplomatic efforts have continued in the search for a Cyprus solution, there have been indications of growing estrangement between Athens and Nicosia. On 25 August, President Makarios flew to Athens for top-level consultations.



The Greeks had been attempting to prevent Makarios from pushing ahead with his efforts to develop closer relations with Moscow. Pressure from Athens also appears to have been responsible for canceling Cypriot Foreign Minister Kyprianou's visit to Moscow, originally scheduled for 21 August. Before visiting Athens, Makarios and other Cypriot leaders had insisted that negotiations with the USSR would continue.



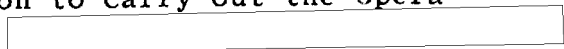
Top Cypriot officials have also warned publicly that enosis will be acceptable only if it is chosen by the Cypriot people in "the exercise of their right of self-determination." The Cypriots have already rejected all proposals to compensate Turkey in any way for permitting enosis.



In Ankara, there is opposition to any plan not providing for a fairly large military base on Cyprus under Turkish sovereignty. Military commanders and political leaders, including some in Prime Minister Inonu's own political party, are critical of his decision to stop the air attacks against Cyprus in early August. Recent military personnel changes have weakened the moderate pro-Inonu forces. Coupled with the rise in criticism of Inonu is a developing anti-American feeling. Some military leaders are particularly critical of American "pressure" on Turkey and have also expressed disillusion with NATO.

On Cyprus, there has been little change in the situation although the danger of an immediate outbreak over the economic blockade of the Turkish Cypriots appears to have lessened. At UN insistence, Makarios has allowed limited amounts of food and fuel to enter the Turkish-controlled areas. Greek Cypriot restrictions on the amount of these supplies could create a new crisis, however.

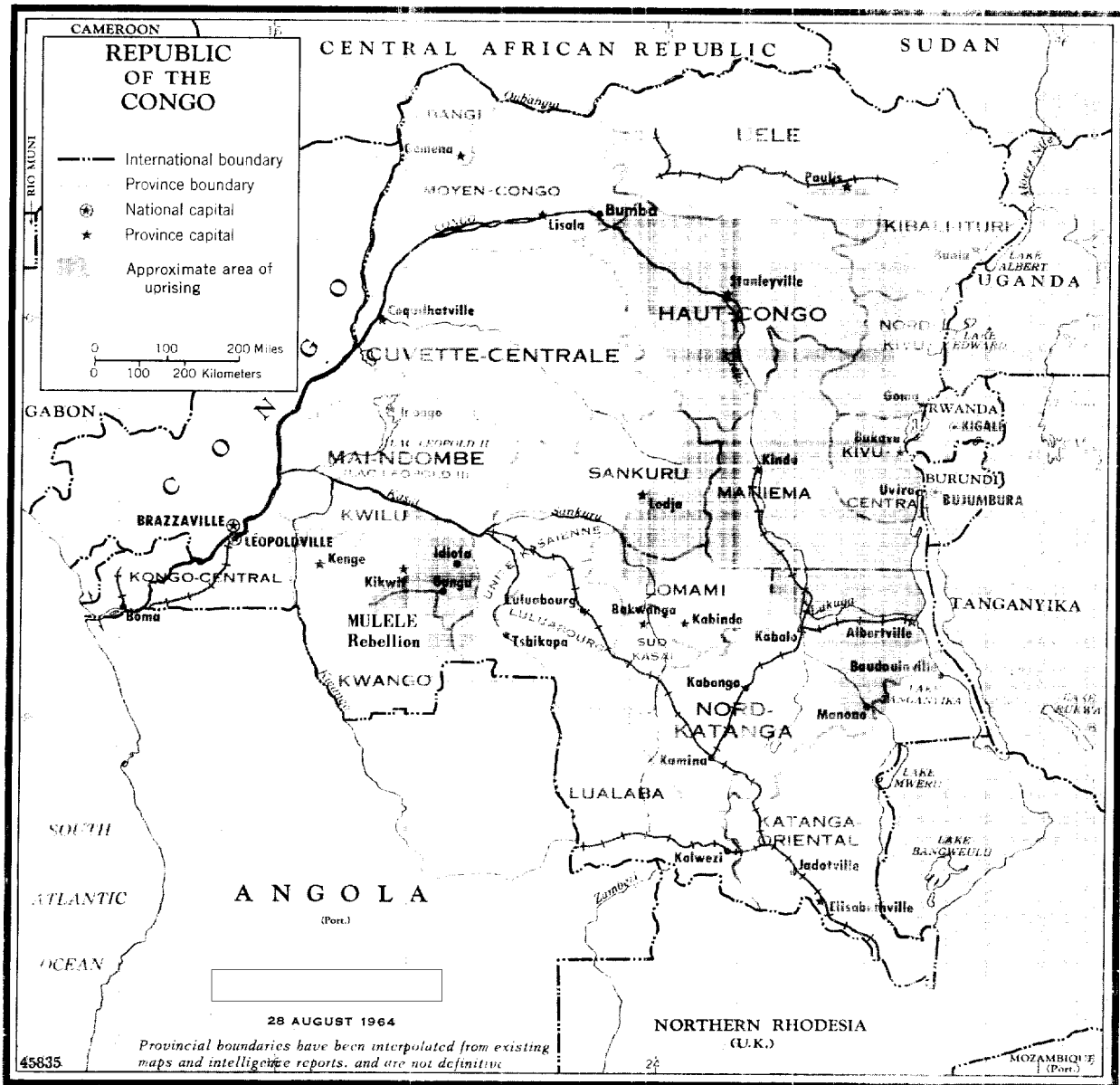
A new confrontation between the Greek Cypriots and the Turks appears possible in the next few days. The Turkish Government has informed the UN that about 31 August it intends to rotate some members of its army contingent stationed on Cyprus. Makarios has consistently refused Turkish requests for permission to carry out the operation.

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Asia-Africa

DEVELOPMENTS IN THE CONGO

The over-all security situation remains grim despite the government successes in Bukavu and Katanga. Government forces again successfully defended Bukavu, the Kivu Central provincial capital, on 19-20 August but another attack may be imminent. Rebel columns have been reported advancing from Kindu and Uvira. On 24 August, south of Bukavu, Rwandan troops repulsed an incursion by a small, well-armed rebel force, apparently composed mostly of Tutsi refugees.

Down the Congo River from Stanleyville, rebels defeated government forces northeast of Bumba, and now occupy the town. The Congo National Army (ANC) garrison, composed of ANC stragglers and former Katangan gendarmes, had decamped earlier by steamboat. The garrison at Coquilhatville, another provincial capital, has moved upriver, but these troops are not considered reliable.

North of Stanleyville, the rebels face little resistance and will probably take over both Kibali-Ituri and Uele provinces. Rebel groups already hold Paulis, the capital of Uele, and reportedly have appeared 100 miles to the northeast.

In Haut Congo Province, rebels were apparently moving to the southwest from Yuhama. Ikela, in Cuvette Centrale Province, remains in government hands. In Lulua-bourg Province, government forces have defeated the rebels at Dimbelenge, northeast of Luluabourg. A small government mercenary force was repulsed at Albertville, the rebel "capital."

Mercenaries are beginning to arrive in substantial numbers to bolster the government forces. About 150 are in the Congo already. More are being recruited in Belgium, South Africa, and Southern Rhodesia for a force that may eventually reach 1,000.

A South African Air Force C-130 arrived in Leopoldville on 20 August ostensibly on a "mission of mercy." [redacted]

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DIA

[redacted] boxes loaded there probably contained small arms ammunition. South Africa has officially denied that it is sending arms.

In Leopoldville the government's security force is extremely active. [redacted]

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Tension between Leopoldville and Brazzaville remains high. Although Tshombé evidently has rescinded his expulsion order--after some 3,000 Brazzaville and Mali nationals were forcibly returned to Brazzaville--Brazzaville citizens continue to leave apparently voluntarily. Anti-US sentiment in Brazzaville has grown as relations with Leopoldville have deteriorated. It now appears that the Brazzaville government may soon charge the US

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Asia-Africa

with aggression or subversion as a result of US support to Tshombé.

The organization of African Unity (OAU) is soon to become involved in the Congo situation. Leopoldville itself finally appealed to the OAU on 26 August after Tshombé's call last week for military assistance to five African states--Nigeria, Liberia, Ethiopia, Senegal, and the Malagasy Republic--went unheeded.

President Kasavubu has requested the OAU to convene in Addis Ababa no later than 5 Septem-

ber. Other African leaders had already demanded that the OAU discuss the Congo problem and perhaps intervene. Some of the radical African states, notably Ghana and the UAR, hope to further the rebels' cause through the OAU. However, even moderate states are seriously concerned about the stepped-up US role in the Congo. At least some will be inclined to back a strong stand against "foreign intervention" as well as against Tshombé's employment of South African and other white mercenaries. [REDACTED]

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SOUTH KOREAN STUDENTS STILL RESTIVE

South Korean authorities are concerned that student disorders may break out again after the new school year opens on 1 September. Student demonstrations between last March and early June caused the government virtually to suspend negotiations for normal relations with Japan, forced Kim Chong-pil--President Pak Chong-hui's chief political lieutenant--to leave the country, and compelled the government to impose martial law in Seoul.

Since the universities reopened on 17 August for examinations, the students have been quiet. When the pressure of examinations is ended, opposition student leaders almost certainly will resume their antigovernment agitation. These leaders strengthened their organizations during the summer and many students are likely to respond emotionally as in the past.

Issues likely to excite student unrest include the gov-

ernment's failure to release all students arrested during the demonstrations last spring, pending legislation banning student political activity, and continued regime interference in student affairs. Any indications that prospects for a Japanese settlement are brighter would further arouse them.

Government propaganda contends that the spring demonstrations were Communist inspired and led. It hopes that this line will discourage popular support for the students and, possibly may provide an excuse for more stringent controls. Although most observers of the students' activities believe leftists were only one among several groups, including conservative opposition elements, who incited the disturbances, there is some evidence that a few well-entrenched Communists are working to subvert the students. [REDACTED]

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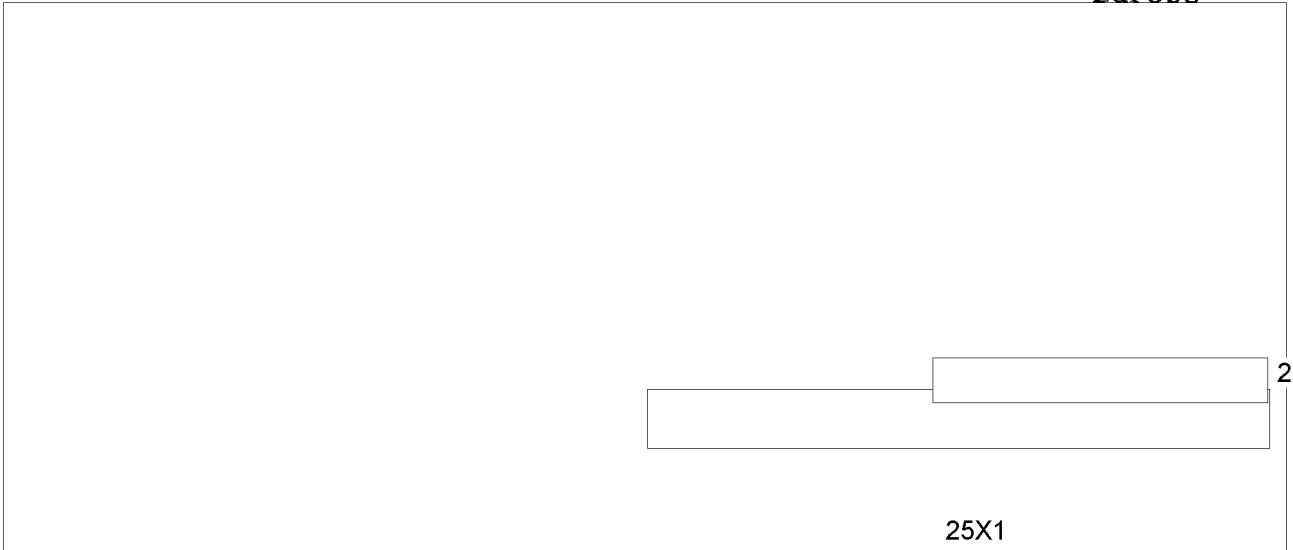
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Europe

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AREA NOTE

Italy: The presidential succession question and the Christian Democrats' National Congress scheduled for mid-September may produce new threats to the stability of the Moro government. Moreover, they reduce further the little time the government has left in which to show some progress on its program before the national municipal elections in November.

The opposition parties are expected to demand a debate on Segni's incapacitation when Par-

liament reconvenes next week. Disagreement over a successor will probably give rise to frictions between the coalition parties, particularly if Social Democratic chief Saragat and a conservative Christian Democrat are the major candidates. A key problem for the Christian Democratic congress will be to agree on a party candidate. More important, however, will be how intraparty factional disputes are resolved and what positions the party will then take on issues which directly affect center-left cooperation.

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Europe

THE BERLIN PASS TALKS

The prolonged Berlin pass negotiations appear to have reached their final stage. One informed West German official has stated privately that an agreement to allow West Berliners to visit relatives in East Berlin again, as they did last Christmas, seems likely, though not before All Saints' Day (1 November). Mayor Willy Brandt also has shown increasing optimism.

Horst Korber of West Berlin and Erich Wendt of East Germany have held more and more frequent and lengthier secret negotiations to resolve the remaining differences. They apparently have already agreed on an expanded version of the pact of last December. The new agreement will be valid for one year, will allow West Berliners to cross the wall during certain holiday periods, and will permit visits throughout the year in case of marriage or illness, death and other emergencies.

In recent weeks, the negotiations have focused on three unresolved points: the formula for signing the agreement, the terminology to be used on the passes, and the presence of East German officials in West Berlin to accept pass applications.

Earlier this year, Bonn officials felt that the effect of last winter's pact in these areas was to grant unwarranted political concessions to the East Germans.

Now Bonn appears willing to overcome most of its scruples on terminology and has endorsed the concept of East Germans working in conjunction with West Berlin officials on West Berlin territory. The question of the extent to which signatures on the pact can be regarded as "official" represents the last high hurdle. West Berliner Korber has proposed to Wendt a formula which may serve as a basis for a settlement.

Each side has been pressing for terms more agreeable to its own position. The West Germans have made it clear, for instance, that East German requests for increased deliveries of fertilizer and other goods through interzonal trade channels will be honored only on conclusion of a satisfactory pass agreement. The East Germans have been warned by Bonn that negotiations may be broken off at the end of August if an agreement is not reached by that time.

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Western Hemisphere

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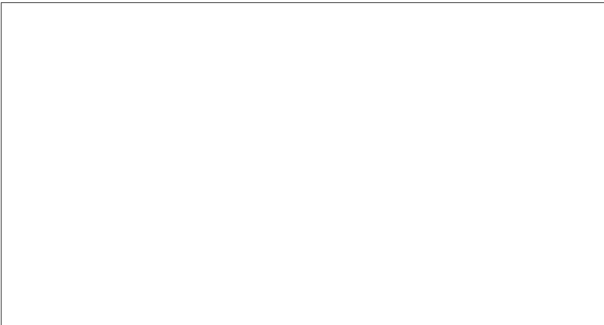


PRE-ELECTION MANEUVERS BEGINNING IN BRITISH GUIANA

Premier Cheddi Jagan's People's Progressive Party (PPP) will contest the planned general election still opposing the proportional representation system which, it argues, London imposed unconstitutionally.

The PPP apparently still lacks confidence that it will win, and is putting on record its complaints of unfairness and illegality which could later be used as an excuse for defeat.

Intimidation of the opposition will probably remain standard procedure. Two executives of the new anti-Jagan East Indian Justice Party (JP) have quit because of PPP pressure. This may be counterbalanced on the electoral scale by the support of one of the leaders of the largest Hindu organization for the JP instead of Jagan.



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Western Hemisphere

Sporadic racial violence erupted again during the week end of 21 August. Opposition leader Forbes Burnham will be tried 31 August for illegal possession of shotgun shells. The outcome is not expected to have significant local political ef-

fect. One of his party associates, however, has been charged with murder. The notoriety of this trial, together with the possible revelations of police brutality in extracting confessions, may cause strong political repercussions.

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CHILE NEARS CRUCIAL 4 SEPTEMBER PRESIDENTIAL ELECTION

Many political and military sources in Santiago remain confident that Christian Democrat (PDC) Senator Frei will win the presidency on 4 September. Anxiety about a Communist-Socialist FRAP success, however, still exists.

Frei might win by a substantial majority, as many of his followers expect, but many indications also caution that his margin could be as thin as 60,000 votes. This would almost certainly spark FRAP charges that its man was counted out, and in turn could generate violence to "protect the victory of the popular forces."

Because FRAP Senator Allende may win, a movement has been started, involving Radical candidate Senator Duran, to form a clandestine militia to prevent a Communist take-over. The Communists have strengthened their own "vigilance squads" as a precaution. The US Embassy reports signs of public apprehension, including food hoarding by householders and a run on retail stocks of small arms and ammunition. Some politically motivated flight of capital is also reportedly under way.

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The armed forces are ready to handle any disorders.

The Communists reportedly feel that Allende retains a good chance for victory. The leaders of his campaign are down-playing Communist participation during the closing days of the race, and are strengthening the Socialist and independent role.

The consensus of democratic political opinion in Chile is that Frei will be elected, possibly by an absolute majority. He seems to have benefited from sympathy engendered by the tragic death of his sister, a prominent PDC women's leader. Embassy contacts believe, however, that Duran is now running well enough to get possibly 300,000 votes--some at Frei's expense.

President Alessandri recently told the US ambassador that regardless of whether Frei or Allende wins the election the new government may in his opinion not last two years and might then be overthrown for its mismanagement of the country.

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