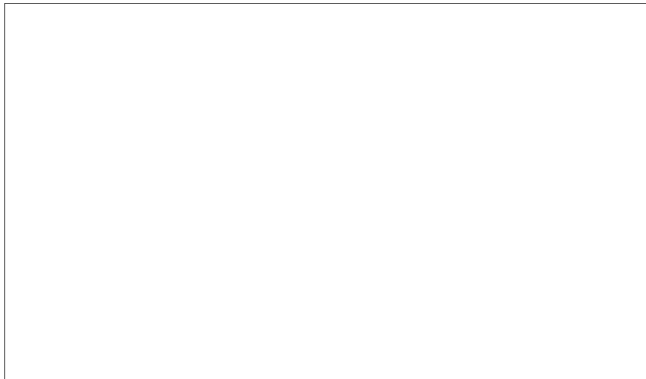


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Over-all, Assam appears to have withstood the tremors of possible political instability. These had been heightened by the recent resignation, due to ill health, of Chief Minister Chaliha, who had provided governmental continuity for the past 13 years. A successor has been chosen with New Delhi's blessing, and the central government has further demonstrated its goodwill by deciding to build a second, and probably uneconomic, oil refinery in Assam.

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### Zambia: *Kaunda Seeks a New Order*

The recent adoption of a new constitution by Zambia's ruling United National Independence Party (UNIP) and a reorganization of government at the local level have contributed significantly to strengthening President Kaunda's control over the country. Armed with this new authority, Kaunda has already moved ahead, announcing major economic and social reforms.

The new constitution gives Kaunda wide-ranging powers and is designed to combat party factionalism, especially along tribal lines. The local government reform increases the party's control by giving government-appointed district-level administrators powers to oversee lower level officials.

Kaunda has also announced that the government will acquire control of Zambia's five foreign-owned banks, eliminate private insurance companies, and take over building-and-loan societies. Moreover, retail and wholesale trading licenses will not be issued to foreigners after 1 January 1972, except in a few specifically exempt categories. The government, therefore, will eventually assume control of virtually all enterprises not nationalized in 1968 and 1969.

In addition, Kaunda has disclosed a new reform measure that vests control of all land in the hands of the President. Rural tribal lands will no longer be the sole responsibility of traditional chiefs and village headmen, while private land will come under government ownership but will then be leased back on a long-term basis. Kaunda also established a national service that eventually will conscript educated citizens for civic and paramilitary training and for a tour of duty in the countryside.

Although these initiatives suggest radical changes in the administration of the country, Kaunda is likely to move slowly and stop short of provoking widespread dissension. The land reform is basically designed to spur the consolidation of remote settlements into larger villages near government services and to prod small economic enterprises to join cooperative ventures. Harsh application of the reforms is likely to fall primarily on unpopular minorities—especially on foreign residents and members of small religious sects and the opposition political party—all of whom carry little influence in Zambian affairs.

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## WESTERN HEMISPHERE

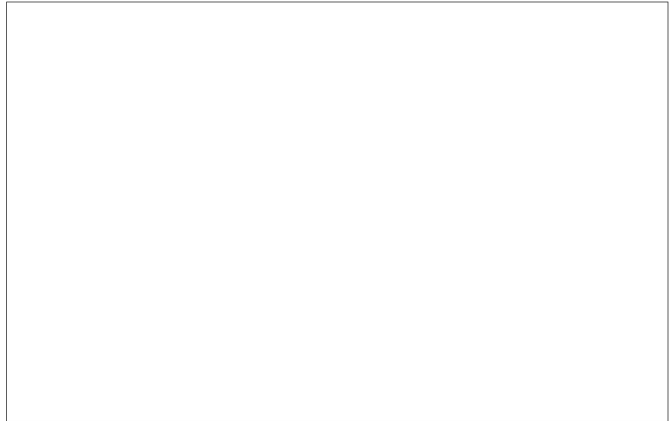
Chile: *One Month of Allende's Government**Economic Measures*

The government is moving to implement some of Allende's campaign promises, but it is realizing that financial constraints are causing a problem in reconciling reality and ideology. Several cabinet ministers, in particular those of agriculture and public works, already are complaining that lack of funds will prevent them from undertaking desired programs.

In a public statement on 27 November Finance Minister Zorrilla said that the government's priorities over the next year or so would be aimed at establishing a socialist state and ending the "dependent" nature of the economy. To this end the government plans to increase the state control of banking, nationalize the mining sector, and expand the state's participation in foreign trade. On 1 December it nationalized a large "monopolistic" textile company.

Zorrilla added that direct foreign investment would be encouraged only when it could make a real technological contribution. He said that housing, public works, agrarian reform, export promotion, and reduction of unemployment would be stressed.

The Allende government now is considering the most expeditious way to complete the nationalization of the US copper companies that was begun during the Frei administration. Legislation to this effect will be sent to Congress soon, and may be accompanied by a proposal that would change the constitutional guarantees now existing for private property. If Congress fails to act promptly and favorably Allende could carry through on his "threat" to take the issue to the public via a plebiscite.



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*The Christian Democrats*

The Christian Democratic Party (PDC) is still trying to decide whether to oppose or collaborate with the government. Reports that the proposed constitutional reform of private property rights would be taken to a plebiscite if balked by "anti-patriotic" elements in Congress drew sharp criticism from PDC legislators. They have been quick to state their approval of the principle of nationalization of the copper companies, however.

The UP, in particular the Communist Party, is trying to drive a wedge between the wings of the PDC supporting the position of defeated presidential candidate Radomiro Tomic and that of former president Eduardo Frei. The Communist-directed UP tabloid went so far as to imply that Frei was associated with the assassination of Army Commander in Chief Schneider in October and therefore with a plot to deny Allende the presidency.

PDC Senator Renan Fuentealba on 30 November tried in turn to aggravate the divisions within the UP, playing on the long-time rivalry between the Communists and Socialists.

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Fuentealba emphasized the PDC's support for changes in Chilean society but stressed that they must be made within the present constitutional system.

*The Communists*

At a plenum of the Chilean Communist Party (PCCh) last week, Secretary General Luis Corvalan gave a speech attesting to the major role his party plays in the Allende government. He emphasized measures already taken by the administration that parallel PCCh policies and asserted that the ultimate goal of a "people's state" is impeded by Chile's present constitution, legal system, and entire institutional structure.

Corvalan's speech implies that PCCh leaders are confident that anti-Communist opposition in Chile now is weakened and that they no longer need to be cautious in their exercise of political power. *Pravda's* account of the speech portrays

the PCCh in a more militant and revolutionary light than previous Soviet press commentary, which had pictured the Chilean party as a reasonable partner in a coalition having wide appeal. This treatment suggests that the USSR is less worried than before about possible US and internal Chilean reactions to greater Soviet attention to the PCCh.

*The Military*

Schneider's murder solidified military support for Allende's government as little else could have.

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**Mexico: Cabinet Appointments**

The cabinet appointed by newly installed President Luis Echeverria reflects his own high standards and further enhances the outlook for good relations with the US. His choices for politically sensitive posts are strong, well-qualified men. Those who will deal with Mexico's most difficult problem—rural poverty—have intimate and extensive knowledge in the field.

The agriculture secretary, Bernardo Aguirre, has held office in his state of Chihuahua, one of the most important agricultural regions, and Aguirre himself is a rancher. The head of agrarian affairs, Augusto Gomez Villaneuva, is a vigorous lawyer in his late 30s who headed the powerful national peasants confederation, the rural arm of the official party. The new minister of education,

whose policies might affect the still explosive student situation, is a highly respected educator, Victor Bravo Ahuja. The labor and interior ministries, both stepping stones to the presidency, are headed by close friends of the president, Rafael Hernandez Ochoa and Mario Moya Palencia.

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**Guatemala: *Some Success in Anti-Communist Campaign***

The terrorists are beginning to feel the squeeze of the tough security operations launched last month, and the chance of a retaliatory attack on US or Guatemalan officials remains high.

Several terrorist leaders have been captured, including the Rebel Armed Forces (FAR) intelligence chief "Antonio" and long-time Communist Party (PGT) central committee member, Huberto Alvarado. Other active terrorists and collaborators are in custody, as well.

Even though the security forces seem to be making some promising headway against the terrorists, the less sophisticated aspects of the state of siege operations continue to compound the

government's political problems. Two leftist intellectuals, both associated with the university and both frequently cited as "intellectual authors" of subversion, were shot this week, apparently by clandestine counterterrorist squads. In addition, five unidentified bodies were found in Guatemala City. These shootings and the government's unprecedented search of the university have raised the fury of the leftist opposition. The rector of the National University of San Carlos declared that a dialogue with the government is no longer possible and that "the battle lines are drawn." The leftist-oriented press association is similarly outraged by strict censorship requirements and by the "disappearance" of three of their colleagues—one being, in fact, "Antonio." The general public has been dismayed at the highly visible excesses of the security forces, such as the shearing of long-haired youths in public, the arrest of prominent members of the opposition parties, and the recent air force attack on a Salvadoran fishing fleet mistaken for an "invasion force." In response to widespread criticism, President Arana addressed the nation with a plea for tolerance of government errors in recognition that drastic methods are needed to rid the country of violence.

**Nicaragua: *Political Negotiations Under Way***

Leaders of the two major parties have entered into negotiations on constitutional reform and presidential succession that may determine the country's political direction for the next decade.

According to an agreement reached last week between President Somoza and the leader of the opposition Conservative Party, Fernando Aguero, the scheduled 1972 general elections would not be held. Instead, at the end of Somoza's term, a transitional government elected by a constituent assembly would be installed for perhaps two or three years. Somoza would remain as head of the armed forces during this period and would be able to run for the presidency after the transitional government.

Both Somoza and Aguero would gain under such a plan. Somoza, who is constitutionally barred from seeking immediate re-election, would be able to protect his political flank from the

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sniping of opponents of continuismo and advance his political ambitions without blatantly ignoring the law. At the same time, however, he would be spared the necessity of relinquishing the presidency to a successor for a regular five-year term. Moreover, during the term of the transitional government, Somoza's party would no doubt control the congress, most of the cabinet posts, and, of course, the military.

Aguero, for his part, would attain his major short-term objective of ensuring that Somoza stepped down in 1972 and also gain for his party a more substantial role in the government. Aguero is, moreover, interested in the Colombian National Front system, which regularly alternated power between the Conservative and Liberal parties. He probably hopes that a transitional government could set the stage for such an arrangement in Nicaragua.

Subsequent meetings between the governing Liberal Party and the opposition Conservatives will seek agreement on the precise composition of a transitional government, specific changes in the



Aguero



Somoza

electoral and judicial systems, and a statement of broad policy objectives. If Somoza allows Aguero and his followers a significant degree of participation in the transitional government, chances for an agreement are quite good. Leaders of other political factions, realizing that a Somoza-Aguero accord could permanently condemn them to the political periphery, would undoubtedly attack any arrangement, but to little avail.

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### Argentina: *Political Developments*

The military government of President Levingston will soon unveil a political plan and an economic development program, designed to move Argentina gradually toward a return to constitutional government. Levingston has made it clear, however, that before elections can be held the proper conditions must be created and that this process will take at least another four years.

the President appears to have put to rest the growing sentiment for an accelerated return to constitutional civilian government. Speaking before a group of nearly 2,000 military officers on

16 November, Levingston played on their concern about a Marxist government in Chile by saying that the armed forces must provide the continuity of leadership that will enable Argentina to deal with its neighbors—Chile, Peru, Bolivia, and Uruguay—that are in danger of succumbing to "socialist pressure." He stressed that Argentina must now demonstrate that "democracy" is the best system for meeting the problems common to the area.

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Levingston also appears to have calmed the growing military frustration with the lack of progress on the domestic scene since the armed forces took over the government in 1966. The

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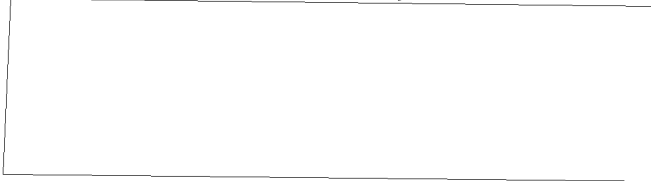
new economic team appointed last month has reoriented economic policy toward rapid industrialization and the President has announced that a comprehensive national development plan will be made public later this month. At the same time, a "political plan" is being devised that is intended to move the country toward civilian government in stages that will coincide with the development plan.

President Levingston appears to be embarking on an ambitious course and he must retain the support of the military if he is to implement his wide-ranging political and economic plans. To do this he must show early progress in dealing with Argentina's economic problems and find some way to deal effectively with the growing problem of urban terrorism.

Two of the immediate political tasks the President has already set for the government are the elimination of contacts between former president Juan Peron in Spain and top Peronist leaders in Argentina, and the extremely difficult problem of limiting political activity by the labor unions.

Terrorist groups, most claiming to be left-wing Peronists, have become increasingly bold in their ventures in recent weeks. US installations and official personnel have been the frequent targets of these groups, probably for publicity reasons as much as out of fundamental anti-Americanism. If it should become necessary to call in the military to help solve this growing problem, it would undoubtedly create a serious irritant in President Levingston's relations with the military.

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URUGUAY: Montevideo experienced an upswing in urban terrorism this week with a flurry of Tupamaro bombing attacks and the appearance of a right-wing anti-Tupamaro terrorist group. The targets of the Tupamaro raids included an International Telephone and Telegraph communication center and several progovernment political

clubs. On 26 and 27 November a new organization calling itself the "National Armed Defense" carried out minor attacks on the homes of relatives of known Tupamaros. The group pledged four Tupamaro deaths for every citizen killed by the left-wing terrorist group.

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