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AUSTRALIA: DEEPENING TROUBLES

[93 - 97]
The Labor government's continuing slide in popularity has been punctuated by a serious defeat in an important state election and by widespread criticism of two political appointments.

Labor's loss of as many as 22 state parliamentary seats in the Queensland election last weekend was the most dramatic manifestation to date of its declining public support. The outcome represents a major personal setback for Prime Minister Whitlam, because he and virtually his entire cabinet campaigned extensively throughout the state. Although there is more resentment in Queensland than in most other states over the Whitlam government's policy of increasing federal authority, the election result nevertheless reflects growing national disappointment over the government's failure to come to grips with Australia's unemployment problems and financial difficulties.

A public outcry over two official appointments that are being portrayed as blatant political favoritism has aggravated the government's troubles. The appointment last week of a close woman friend of Deputy Prime Minister Cairns and Attorney General Murphy to a highly paid position as Cairns' private secretary is viewed as evidence of the hollowness of the administration's boasts about its high principles. Aside from her lack of qualifications, the woman and her husband have been charged with circumventing government immigration regulations and with shady business dealings. Murphy rather than Cairns seems to have been involved in the couple's misadventures. A spirited debate of the matter in the Senate could lead to Murphy's resignation. Whitlam himself came under attack this week for naming his former private secretary to a senior public service position.

The steady decline in the government's standing has strengthened speculation in Canberra that there will be elections in the first half of next year, and that Labor will be ousted from office.

UN: THE KOREAN ISSUE

[98 - 100]
South Korea and its supporters this week turned back a North Korean effort to win UN endorsement for the removal of US forces from the peninsula, but the issue will not be resolved until early next week.

A pro-South Korean resolution, confirming the authority of the Security Council in maintaining the military armistice on the Korean Peninsula, passed in the Political Committee of the General Assembly by a vote of 61 to 42. Another resolution, proposed by Communist and Third-World backers of North Korea, called for an end to the UN Command and the US military presence in Korea—with no provision for maintaining the armistice; it was defeated on a 48-48 tie vote.

The pro-Seoul resolution will be reported to the plenary session of the General Assembly, where its passage early next week seems assured. Supporters of North Korea, however, may seek a vote on their resolution at the plenary in hope of diluting the expected South Korean victory.

In any case, the North Koreans can take some comfort from a provision in Seoul's resolution that calls on the Security Council "in due course" to consider the dissolution of the UN Command. They may also see the close vote as a bargaining chip, however small, in their continuing effort to negotiate directly with the US on the troop removal issue.

The considerable Third-World support for the North Korean position at the UN reflects recent changes in the political coloration of the General Assembly. Third-World votes, added to those of the Communist states, came close to forming a winning combination. Korea, however, was one of the few issues at the current General Assembly session—Cambodia was another—on which the "nonaligned" bloc was unable to maintain a united front. In addition to most of Latin America, the South Korean side held the support of many African and Arab states, while the majority of South and East Asian states simply abstained.

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VENEZUELA: TAKING THE FIRST STEP

[101 - 104]
[Last week, the Perez administration cleared the way for the nationalization of the largely foreign-operated petroleum concessions by mid-1975; only the timing remains in doubt.]

On December 3, the Venezuelan Supreme Court rejected a petition of seven international oil companies to declare unconstitutional the 1971 Petroleum Reversion Law, which stipulated that all properties owned by foreign oil companies in Venezuela will revert to the state when the concessions begin to expire in 1983. By rejecting the petition at this time, the court cleared the path for the accelerated nationalization of the petroleum industry announced by President Perez in April 1974. The oil companies have accepted the news philosophically. In expectation of such a ruling, the local US subsidiaries have been meeting with Venezuelan officials in thus far cordial, low-key sessions regarding the role they will be permitted to play after nationalization.

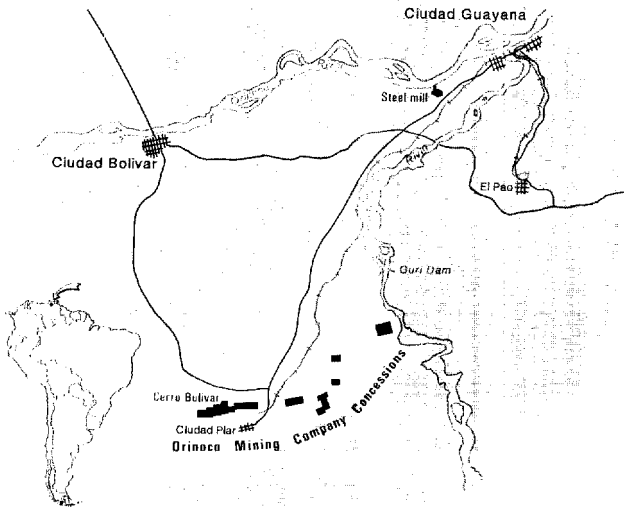
In a related move, the special presidential commission on reversion—appointed last May to prepare recommendations on how the take-over of the oil company properties should be implemented—unveiled its draft Petroleum Reversion Law, which may be presented formally to President Perez this week. Although the bill does not assign the foreign oil companies any specific role in the exploration, extraction, refining, or marketing of Venezuelan oil, government officials have privately indicated to the companies that the government wants to retain their services in management, technology, and overseas marketing. These officials have been unusually candid in their negative assessment of the government's ability to manage the petroleum industry, which produces the bulk of the country's foreign exchange and government revenues. Further recommendations—that compensation for the nationalized holdings be calculated on un-amortized book value and be paid in government bonds redeemable in no less than ten years, and the appointment of "watchdogs" to monitor the foreign oil companies during the transition period—are expected to get a cool reception from the local petroleum subsidiaries.



President Perez

*Announcing nationalization
of iron ore industry*

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President Perez will have the final say on the contents of the nationalization bill before it is presented to Congress for debate sometime early next year. In fact, during the concluding meetings of the reversion committee, members of the President's own Democratic Action Party withdrew from the deliberations, reportedly to give the President a free hand to disagree with and alter the committee's recommendations.

Although some local US petroleum operators are confident that they will be well treated after reversion, they realize there is plenty of hard bargaining ahead. The Perez administration, at the peak of its popularity following the nationalization last week of the US iron ore concessions, will be under heavy political pressure to speed up the pace of nationalization and loosen what many Venezuelans see as a foreign hold on their natural resources. Despite differences with the oil companies and the US government on a number of issues, Perez has resisted these blandishments thus far and will probably continue his steady, determined course on oil nationalization.

ARGENTINA: NEW SECURITY APPARATUS

[105-107]

President Maria Estela de Peron has asked the Argentine Congress for authority to reorganize the security and intelligence organizations as a step toward improving the counter-terrorist campaign. The draft laws are likely to engender sharp debate, but the Peronist majority in both houses would ensure their passage.

The reorganization would provide an inter-agency coordinating body for the intelligence services of the federal police, the armed forces, and the civilian intelligence agency. Counter-terrorist operations have frequently suffered because of a lack of cooperation among these agencies.

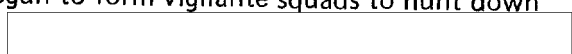
The government has been deeply dissatisfied with the performance of the state intelligence secretariat and the federal police. Before Juan Peron's death, there were plans for creating a super-security mechanism with wide powers, but the idea was pigeonholed because of presidential adviser Lopez Rega's opposition to the naming of a military man to head it. The security committee now under study would be chaired by Mrs. Peron—a move that sidesteps the powerful minister's objection to an organization independent of his control.

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Lopez Rega wants to retain a strong voice in internal security decisions. He already has close connections with top federal police officials and



The President's decision to press for new legislation may have been hastened by the killing last week of another army officer and his young daughter. The military wants strong antisubversive measures. Some junior officers apparently have begun to form vigilante squads to hunt down leftists.



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THE AYACUCHO MEETING

[108-113]

The four-day meeting of high Latin American and US officials in Lima provided a forum for informal discussion of bilateral and regional problems. The various speeches and final declaration, however, provide few new insights, and the familiar themes of regional solidarity, economic independence, and ideological pluralism were again highlighted.

Although the overall impact of the meeting was lessened by the absence of four heads of state who had been invited to commemorate the battle of Ayacucho, the conclave was well covered by the Latin press, and the Peruvian hosts probably feel that they got as much publicity as they could. With one exception, the security forces were able to maintain order.

As expected, President Velasco of Peru and President Perez of Venezuela vied for the limelight as regional spokesman. In their speeches and other statements, they stressed similar topics, such as the need for a new economic and political relationship between the Latin states and the developed countries, increased regional cooperation on political and economic matters, and bringing Cuba back into the mainstream of regional affairs.

In addition to these themes, President Velasco stressed two current Peruvian policies: a regional arms moratorium and—indirectly—the need to prevent conflicts between Latin states. The notion of regional arms limitations received general endorsement but, as before, it is not likely to be implemented soon. Velasco's statement concerning conflict between Latin states was the first time Peru has gone on record at a regional meeting advocating a multilateral effort to reduce tensions. Velasco's formulation of this idea, which was reflected in the final declaration, was rather vague but is further evidence of Peru's effort to convince other states that it harbors no aggressive designs.

Cuban Foreign Minister Raul Roa attended the meeting and spent a good deal of his time thanking those states that supported the abortive OAS move to rescind the political and economic sanctions against his country. In turn, other Latin



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delegations, particularly Peru and Venezuela, expressed support for increased Cuban participation in inter-American affairs.

Thinly veiled accusations against the US for meddling in Latin affairs were made by many of the representatives, but the level of anti-US invective remained relatively low. US Assistant Secretary of State Rogers was able to meet informally with a number of Peruvian leaders including the President. While the tone of these meetings reportedly was positive, Peruvian officials still suspect that the US is committed to "destabilizing" their military government. Other Latin countries, too, apparently remain troubled by recent allegations of US interference in their internal affairs.

The stage is now set for several potentially more important Latin summits next year. High on the regional agenda are the meeting of all Latin chiefs of state in Caracas and the hemisphere foreign ministers' meeting to be held in Buenos Aires next March. Strong sentiment in favor of inviting Cuba to the latter meeting was voiced at the Lima conclave. The Cuba issue and concern that the US is not really committed to a dialog with Latin America, however, continue to cast a shadow over the prospects for a productive inter-American discourse.

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