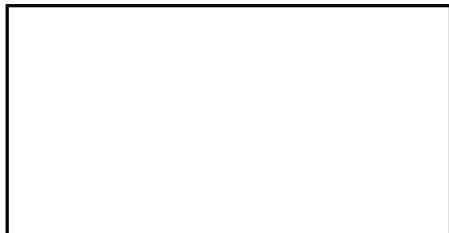


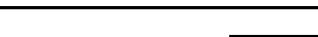
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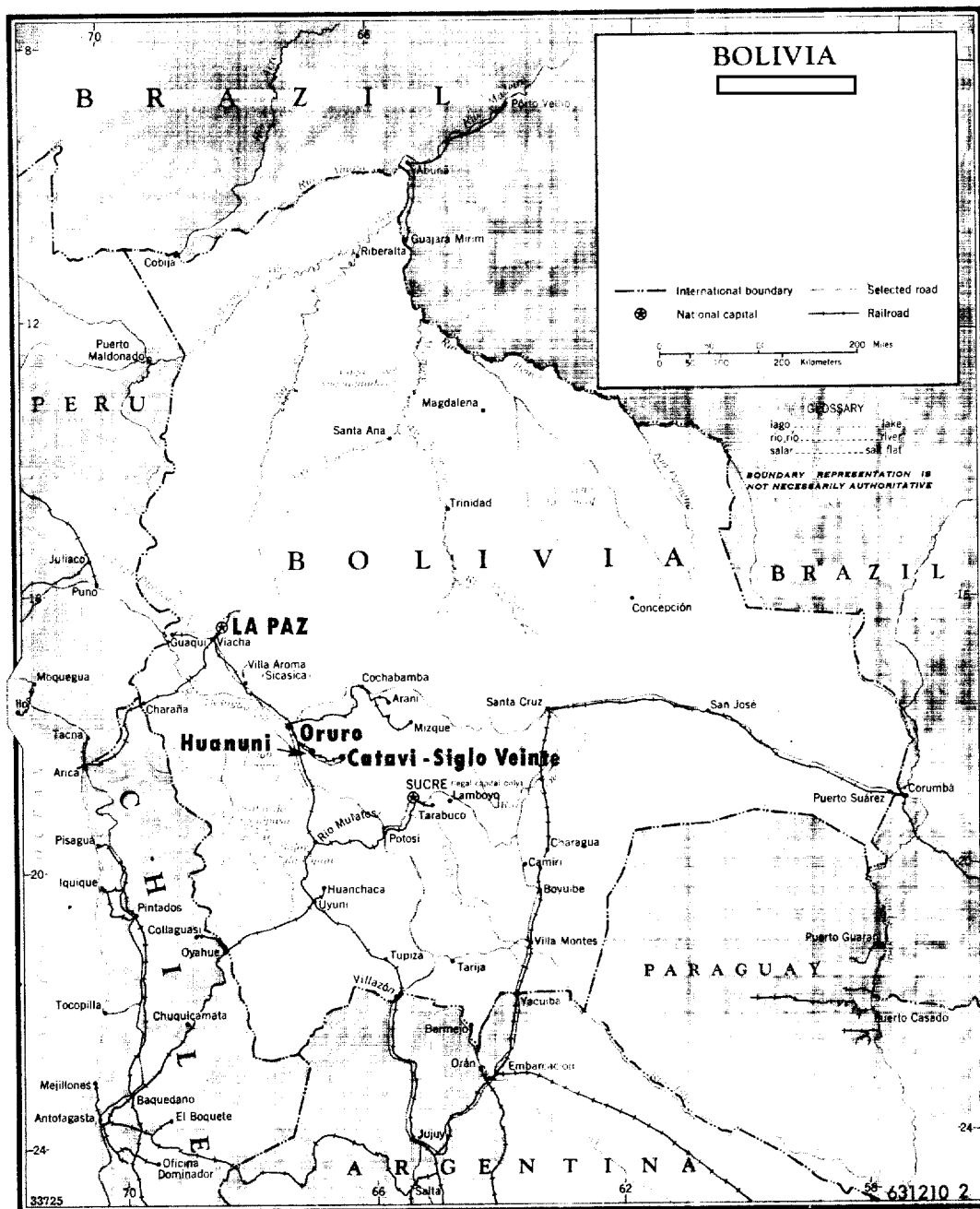
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CENTRAL INTELLIGENCE BULLETIN

12 December 1963

DAILY BRIEF

Bolivia: President Paz Estenssoro has very little room left to maneuver in the current crisis.

Paz told the US ambassador on 10 December that if he bowed to Vice President Lechin and the miners and releases the jailed Communist labor leaders, he would suffer a serious political defeat. The military, who would be incensed by such action, might stage a coup despite their strong support for constitutional processes.

A direct military attack against the Catavi-Siglo Veinte mining area might well result in the death of the hostages, and spark an intense wave of sentiment against Paz. Nevertheless, the President told the ambassador that his eventual decision must be to attack in force or else turn the country over to leftist-extremist control.

*Although Paz believes military action will be extremely unpopular, the minister of government has told the ambassador he thinks Paz will lose mass support if the regime does not act vigorously during the next few days. According to press reports, the minister of defense issued an ultimatum on 11 December calling on the miners to release the hostages in 48 hours or face military action.

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Czechoslovakia: Recent unusual exchanges of high-level Soviet and Czechoslovak party-government delegations suggest that a major crisis, in which the USSR is involved, has developed in the Czechoslovak regime.

Although the exact nature of this crisis is not clear, it could revolve around Czechoslovak leader Novotny's increasing inability to control dissident elements of his party.

Moscow probably is seriously disturbed by political instability in Prague, which has become increasingly evident as a result of Novotny's inept handling of de-Stalinization this year.

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powerful liberal elements in the Czechoslovak party will be satisfied only by Novotny's ouster.

Czechoslovakia, once the model satellite, has been faced with serious economic problems which have contributed to popular dissatisfaction with Novotny's regime. Moscow may also be concerned with Czechoslovakia's inability or unwillingness to meet its economic commitments to the bloc because of these problems.

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DAILY BRIEF

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South Vietnam: [The new government has made little progress in establishing basic policies or developing new programs, and many of the key pacification operations pushed by the former regime have virtually ground to a halt.]

[Pacification concepts are being restudied and key administrators at provincial and district levels are being replaced. Government leaders expect the consolidation phase to be completed this month. They hope to move ahead with new plans after the first of the year and to produce some early military results which would have a favorable psychological impact.]

[A decline in Communist guerrilla activity to near-normal levels has somewhat offset the government's loss of momentum. It is apparent, however, that the government suffered significant setbacks in some areas during the intensified guerrilla offensive last month.]

[For example, in Long An Province, near Saigon, the Viet Cong eliminated a number of strategic hamlets, thus extending their influence and physical control in rural districts. Government forces are responding to pressure in this province by emphasizing small-unit actions and undertaking a program of "positive action," according to General Don, minister of defense.]

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Indonesia: Two cabinet appointments announced this week increase Communist influence in President Sukarno's government.

The new minister of justice has followed the Communist line and received Communist support since 1955, although he may not be a party member. The Justice Ministry is responsible for administering the courts, but does not control the police. Also, a newly created post--minister of state, assigned to three vice prime ministers--has been given to an official of two Communist-dominated political organizations.

The appointments appear to offer the Communists their first opportunity for direct influence within the cabinet, and indicate a further erosion of army influence with Sukarno. Previously the cabinet contained only two Communists who held titular ministerial rank by virtue of their legislative posts.

The appointments, however, apparently have been made in the context of Sukarno's policy of balancing the non-Communist army against the Communist Party as the means of maintaining his own pre-eminent position.

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Honduras: [A leftist campaign to undermine political cooperation between the military government and the moderate leaders of ousted President Ramon Villeda Morales' Liberal Party appears to be under way.]

[This move was precipitated by the decision of the Liberal Party leadership to participate in the commission drawing up a new electoral law as the first step toward reinstituting constitutional government. Minority elements of the party oppose this decision. The pro-Communist daily, which has the widest circulation of any paper in Honduras, has already called these leaders "traitors".]

[A terrorist group, identified by the letters "MIL" and allegedly composed of Communists and extreme leftist Liberals, has been organized to resist the military government. It claims to be the "organized vanguard of the national liberation forces" and seeks the support of all groups fighting the "military tyranny." It may have been behind the brief armed seizure of the radio station in Tegucigalpa on 10 December.]

[The military probably can contain any minor outbreaks of terrorism, but a potential threat is present.]

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