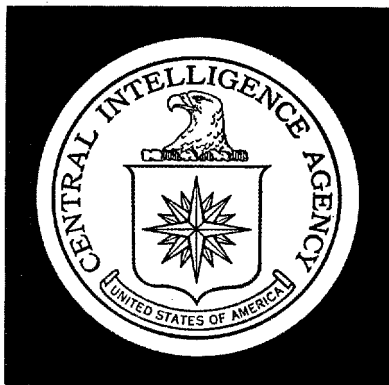


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20 December 1969

State Department review completed

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Approved For Release 2004/03/17 : CIA-RDP79T00975A015200070001-5

Approved For Release 2004/03/17 : CIA-RDP79T00975A015200070001-5

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No. 0304/69  
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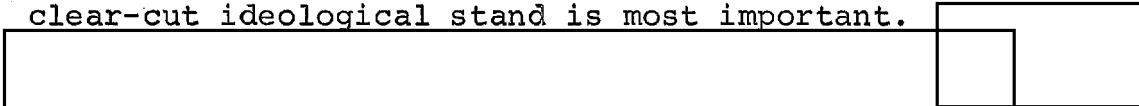
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India: A major effort by the two rival Congress parties to define their character, strength, and legitimacy is being undertaken this month.

The opposition Congress party is currently holding a plenary session in Gujarat State, an old-guard stronghold. With a smaller representation in parliament, a comparatively small number of the formerly united party's leaders behind it, and a number of sticky organizational problems to solve, the conferees in Gujarat appear to be at a disadvantage when compared with Prime Minister Gandhi's group.

Her party will hold a similar plenary meeting next week. Because Mrs. Gandhi's party has already dealt with many major organizational problems, it will be free to promote its progressive image before its main target audience--the youth and the poor.

Neither group, however, will want to alienate major sections of India's society by developing ideological positions which are too sharply defined. Since most politicians anticipate early elections--before 1972--the policy statements produced are likely to be the result of behind the scenes compromises between the leaders, who are primarily concerned with preserving their parties' appeal throughout India, and strong minority elements to whom a clear-cut ideological stand is most important.



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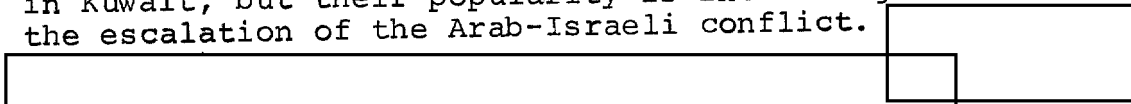
Kuwait: Voices of dissent, stifled since the rigged parliamentary elections of 1967, are again beginning to be heard in Kuwait.

State security trials of 17 persons, arrested earlier this year for antigovernment activity, have now been completed. Some of those arrested were members of the Kuwait Arab Nationalist Movement. The sentences, ranging from four months to seven years, are regarded as light by older conservatives and as harsh by younger Kuwaitis. At least one of the principal defendants who got off with light treatment succeeded in airing antigovernment issues during the trials, to the embarrassment of the government.

This whole episode has had some preliminary effects on Kuwait's politics and attitudes. The publicity accorded the issues and heavy-handed attempts by the authorities to silence the defendants have reportedly stimulated sentiment for "progressive" political positions among many Kuwaitis. Kuwaiti merchants, who have long desired to break the royal family's stranglehold on the country's political life, have met openly to accuse the government of partial responsibility for an economic slowdown.

This apparent crystallization of opposition opinion is not necessarily an omen that the radicalism rampant in much of the Middle East will soon sweep aside the Kuwaiti leadership. It may mean, however, that the regime will feel compelled to make some concessions to popular opinion, perhaps by appointing a more broadly based cabinet or simply by allowing unstaged parliamentary elections in the future.

A refusal to adopt such seemingly easy concessions could play into the hands of Arab extremist elements. These elements are now relatively dormant in Kuwait, but their popularity is increasing with the escalation of the Arab-Israeli conflict.



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Panama: Torrijos yesterday appointed two close personal friends to head the new civilian junta.

Demetrio Lakas was inaugurated President of the Provisional Junta Government and Arturo Sucre was installed as the second junta member following the forced resignation of Colonels Pinilla and Urrutia, who had supported last Sunday's coup attempt. President Lakas is pro-US and a strong supporter of Torrijos' somewhat vague plan to modernize and develop the country. Lakas views himself as one of the few men in Panama who can argue freely with the General, and may be somewhat less of a figurehead than Pinilla. Nevertheless, Torrijos will continue to be the real power in Panama.

Earlier, Torrijos had removed the coup leaders, Colonels Silvera and Sanjur, from their posts as deputy commandant and chief of staff of the National Guard. On 18 December he replaced them with more loyal officers. Further changes in the government and the Guard may be forthcoming as Torrijos continues to review the support he received from his key officials.



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Guatemala: President Mendez has decreed a "state of precaution" for 15 days, giving security forces extraordinary authority to deal with the terrorist problem.

Ten persons have been killed in a spate of Communist-perpetrated violence that began on 12 December. The assassination Wednesday of prominent politician David Guerra Guzman, a rightist candidate for mayor of Guatemala City, created a demand for action and generated criticism of the government's inability to cope with the security threat.

President Mendez has been reluctant to restrict constitutional guarantees that would curtail normal political activities related to the campaign for the general elections on 1 March. The state of precaution does not prohibit electoral campaigning, but allows security forces to arrest suspects, enter homes, and search vehicles without warrants. The army has not yet been called upon to augment the civilian policy, but long military leaves are being canceled.

The US Embassy notes that all segments of Guatemalan society are blaming Communist terrorists for the recent attacks. This reaction is unlike that of June when some rightists believed the governing party was responsible for the murder of one of their political leaders. Further political assassinations probably would provoke reprisals against the left by rightist extremists.

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Hungary-Iraq: Hungary has agreed to extend \$15 million in credit to Iraq to finance the delivery of plants and equipment for the Iraqi oil and gas industry. Hungary presumably will be repaid with exports of Iraqi oil. Budapest also announced that both governments had approved the agreement signed in October under which Hungary will drill four oil wells in Iraq's North Rumaila field. The drilling will begin in the second quarter of 1970. Czechoslovakia agreed in early December to build an oil refinery in Iraq and to hold further discussions on the export of plants and equipment in exchange for Iraqi oil.

\* \* \* \*

Botswana: Copper and nickel mine development at Selebi-Pikwe, which eventually will increase the gross domestic product by 60-70 percent, now is under way. The International Development Association has approved a \$2.5-million credit primarily for the design of the installation. Final agreements between the government and the investors on the \$150 million project (\$100 million of which is private capital) will probably be signed in February or March. The majority of the equity capital is to be provided by American investors.

\* \* \* \*

Indonesia: Deliberations on the rescheduling of Indonesia's debt has been deferred until March. Further study of a proposal authorized by the Western creditors earlier this year and of new plans proposed by the French will take place in the meantime. Objections by some participants to certain lenient features of the former proposal--waiver of all interest and finality of settlement--led to the postponement. The major Western donors fear, however, that any less favorable terms of settlement would add to Indonesia's already onerous economic burdens and would require significant additions to the \$500-600 million in annual aid now being provided solely by Western countries.

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