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24 March 1961

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CENTRAL

INTELLIGENCE

BULLETIN



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DIA and DOS review(s)
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*Angola: Anti-American sentiment in Luanda continues high following protest demonstrations around the consulate on 22 March. These demonstrations, encouraged by anti-American press editorials, appear to be part of a Portuguese attempt to blame the US--along with the Communists--for the recent uprisings. On 23 March, Lisbon signaled a tough line of resistance by ordering its UN delegation to walk out of the current session and not to participate in any General Assembly discussion of recent disorders in Angola. Although the impact of moderate elements in the Salazar regime on Lisbon's sharply anti-American stance has been limited, a group led by Minister of Defense Moniz [redacted] acted to reduce the vigor of the anti-American demonstrations in Portugal and to tone down the press and radio campaign against the US government. The Moniz group, which claims considerable military backing, believes some liberalization of Portuguese policy in Africa must be made and expressed the hope that the announced US policy in Africa would induce Salazar to make reforms.

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Northern Angola is under virtual martial law, and Portuguese military forces are reported to be conducting large-scale operations against terrorist groups. [redacted]

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continue to control an area in northwestern Angola and that they are "organized and well disciplined."

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Nepal: Reports reaching exiled Nepali Congress party leaders in India indicate that the government's fiscal position is bad; taxes are not being collected, and the treasury is almost bankrupt because of heavy security expenditures since the King's take-over last December. King Mahendra's administration, now in its fourth month, is apparently failing to cope with Nepal's internal problems, and the King reportedly instructed Finance Minister Shaha, now representing Nepal at the UN, to approach the United States for budgetary support. The Nepali Congress party, which plans to promote agitation against the King in Nepal, will probably seek to exploit Mahendra's shortage of funds. Reported disaffection in the army and the Nepali Communist party's inability to agree on its

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25X1 policy toward the King will also facilitate the opposition's efforts.

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**SELECTED INTELLIGENCE
REPORTS AND ESTIMATES**

(Available during the preceding week)

Short-range Outlook for Chang's Government in the ROK:
Political and Economic Weaknesses, Grievances Against the
US, and the Unification Issue. U.S.I.B. SNIE 42-61. 21
March 1961.

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Prospects for British Guiana, With Particular Reference
to the August 1961 Elections: Parties, Issues, Communist
Potential, and Possible Developments in the Pre-independence
Period. U.S.I.B. SNIE 87.2-61. 21 March 1961.

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Internal Situation in Nepal Deteriorating

{ King Mahendra has been moving to consolidate his position since he took over direct control of the government in December. Although many political leaders have been released from custody, former Prime Minister B. P. Koirala, most of his cabinet, and a large number of Nepali Congress party activists are still under detention. The King has removed a number of the more experienced and senior civil servants, appointing to their posts less knowledgeable, but presumably more loyal, individuals. He has tightened his control over the 10,000-man army by assuming the defense portfolio himself, appointing favorites to positions of importance, and sidetracking others by putting them in the civil service. There are increasing reports, however, of dissatisfaction in the army with the King's actions and growing sympathy with the Nepali Congress. }

{ The King's centralization of authority and the uncertainty engendered throughout the bureaucracy by his changes have brought effective governmental action to a virtual standstill, especially in the fields of finance and planning. Economic dislocation and stagnation have given rise to scattered expressions of popular discontent, which both the Communists and the Congress party are seeking to exploit. The Communists are split, however, with one faction favoring support of the King so as to reduce Indian influence and the other favoring joint activity with the Congress party in opposition to the King. }

{ The Congress party, spurning Communist support, is reportedly well advanced in its planning to bring about a return to parliamentary government. Organizing efforts are apparently beginning to bear fruit, and feelers are out to other non-Communist parties to form a united front against the King. One of the leaders of the socialist Praja Parishad has recently come over to the Congress group in India, and former Deputy Prime Minister Subarna Shumshere, leading the Congress party exiles in India, is hoping for an accord with the conservative Gorkha Parishad, the second largest party in the now dissolved Nepali }

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legislature. Such an alliance, even if unstable, could rally a broad spectrum of discontent against the monarchy.)

[Representatives of the Soviet Union and Communist China have reportedly discussed with the Katmandu regime the possibilities of increased bloc assistance to Nepal. New Delhi, while having reservations about Mahendra's assumption of direct rule, apparently feels that its aid program, amounting to about \$70,000,000, must be maintained to prevent further bloc inroads.]

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[Redacted]
Argentine Army Commander In Chief Resigns

{ General Toranzo Montero's resignation resulted from a direct clash with War Secretary Fraga over the long-standing issue of military pressure on Argentine President Frondizi's policies, [Redacted]

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Both officers want the government to take a firmer stand against Peronism and Communism, but Fraga reportedly would try to influence Frondizi "tactfully," whereas Toranzo Montero would demand that the President comply with the army's wishes. In view of the fact that Toranzo Montero precipitated a government crisis over the same issue in October 1960 and recently has been plotting against the government, the officer corps may be willing to see him resign.]

{ Both Fraga and Toranzo have strong backing from influential officers; however, most of the supporters of Toranzo Montero who were assigned to the key army commands late in 1960 reportedly oppose upsetting constitutional government.

[Redacted] expressed the belief that the navy and air force would take a stand against any move to oust Frondizi.]

{ The military's concern over Peronism and Communism has been increased by the government's relinquishment on 16 March of its five-year control of the General Confederation of Labor to an interim board of 20 labor leaders, including 10 Peronistas, and by the announcement early in February that Frondizi would like to lift the politically unpopular special security measures imposed against Peronista and Communist subversion. The military considers such action risky in view of reports of renewed plotting.]

{ These developments and Frondizi's more recent speeches emphasizing the need for more rapid development contributed to the government's important victory in the municipal elections in Santa Fe Province on 19 March. The 36-percent gain in votes over a slim victory in March 1960 contrasts sharply with electoral defeats in Buenos Aires and Mendoza in February.)

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[Redacted]

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[and reflects the attraction of votes from the Peronistas, who had been ordered to cast blank protest ballots. This renewed show of confidence will strengthen Frondizi in dealing with the military.]

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The Director, Office of Civil and Defense Mobilization

The Director, National Aeronautics and Space Administration

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The Under Secretary of State

The Director, International Cooperation Administration

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The Deputy Under Secretary of State for Administration

The Counselor and Chairman of the Policy Planning Council

The Director of Intelligence and Research

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The Secretary of the Treasury

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

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The Assistant to Secretary of Defense (Special Operations)

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Chief of Staff, United States Air Force

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U.S. Rep., Military Committee and Standing Group, NATO

Supreme Allied Commander, Europe

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The Director for Intelligence, The Joint Staff

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The Director of Naval Intelligence, Department of Navy

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