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FM THE SITUATION ROOM
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PASS TO BREMER/GOMPERT FOR THE SECRETARY

NOVEMBER 7, 1974

MEMORANDUM FOR SECRETARY KISSINGER

FROM: THE SITUATION ROOM

SUBJECT: NOON NOTES

CLANDESTINE RADIO REPORT OF REVOLT IN BOLIVIA UNCONFIRMED:
ACCORDING TO CLANDESTINE RADIO BROADCASTS FROM SANTA CRUZ,
ABOUT 600 MILES SOUTHEAST OF THE CAPITAL, A REBELLION AGAINST
PRESIDENT BANZER'S GOVERNMENT IS UNDERWAY. THE REPORTS STATE
THAT THE REVOLT IS SUPPORTED BY FORMER PRESIDENT VICTOR PAZ
WHO IS CURRENTLY IN EXILE AND IS BEING LED BY RIGHTWING POLITICAL
DISSENT CARLOS VALVERDE. OFFICIAL RADIO BROADCASTS IN LA PAZ
DENY THESE REPORTS, AND SAY THAT ONLY A RADIO STATION IN SANTA
CRUZ IS IN THE HANDS OF REBELS. THERE IS NO SIGN THAT MILITARY
UNITS EITHER IN THE CAPITAL OR IN SANTA CRUZ ARE IN REVOLT
AGAINST THE GOVERNMENT. PRESIDENT BANZER REPORTEDLY HAD PLACED
SECURITY FORCES ON ALERT BEFORE THE RADIO REPORTS FROM SANTA
CRUZ, IN PREPARATION FOR AN OFFICIAL ANNOUNCEMENT THAT THE
ELECTIONS, WHICH HAD BEEN SCHEDULED FOR NEXT JULY, WILL BE PUT
OFF INDEFINITELY. BANZER DECIDED

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TO MAKE THAT ANNOUNCEMENT AFTER RECEIVING THE SUPPORT OF HIS
MILITARY COMMANDERS, UNLESS MILITARY UNITS IN LA PAZ DECIDE
TO GO SIDE WITH THE REBELS, THE CHANCES FOR A SUCCESSFUL COUP
ON THE MOUNTAIN ARE HIGH.

FOREIGN POLICY HIGHLIGHTED BY GROMYKO: GROMYKO STRUCK A
MODERATELY POSITIVE NOTE IN HIS SPEECH LAST NIGHT TO MARK THE
57TH ANNIVERSARY OF THE BOLSHEVIK REVOLUTION. THE SPEECH,
LARGELY A REVIEW OF FOREIGN POLICY ACCOMPLISHMENTS, GAVE FULL
CREDIT TO THE PERSONAL ROLE OF BREZHNEV. GROMYKO SAID THE
USSR FAVORS AN AGREEMENT WITH THE U.S. THAT WOULD LIMIT
STRATEGIC ARMS QUANTITATIVELY AND QUALITATIVELY. HE SAID THE
USSR WOULD STRIVE TO MAKE THE COMING SUMMIT WITH PRESIDENT FORD
OF "GREAT IMPORTANCE" TO U.S.-SOVIET RELATIONS. GROMYKO ALSO
STRESSED THAT A "POSITIVE OUTCOME" OF THE EUROPEAN SECURITY
CONFERENCE WOULD CREATE A MORE FAVORABLE ATMOSPHERE FOR SOLV-
ING OTHER ISSUES, ALSO FOR EAST-WEST FORCE REDUCTIONS. THE
FOREIGN MINISTER REITERATED SOVIET SUPPORT FOR ARAB CAUSES,
INCLUDING PALESTINIAN STATEHOOD. HE MENTIONED BREZHNEV'S
SCHEDULED VISIT TO CAIRO IN JANUARY AND PREDICTED IT WOULD BE
OF "TREMENDOUS SIGNIFICANCE." GROMYKO TOOK THE STANDARD, TOUGH
SOVIET LINE ON CHINA, AND HIS RHETORIC PROMPTED THE CHINESE
AMBASSADOR TO MAKE AN EARLY DEPARTURE.

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INTERNATIONAL OIL DEVELOPMENTS: FEW NEW DEVELOPMENTS CONCERNING OIL SUPPLY OR DEMAND HAVE EMERGED IN THE PAST WEEK. THE WORLD MARKET CONTINUES IN NEAR EQUILIBRIUM. MEXICO HAS ANNOUNCED A NEW TAX REFORM PACKAGE, WHICH INCLUDES TWO STRINGENT ENERGY CONSERVATION MEASURES. THE FIRST CALLS FOR A TAX OF 30 CENTS PER GALLON OF GASOLINE. THIS TAX WILL INCREASE THE PRICE OF REGULAR GASOLINE TO 72 CENTS PER GALLON, UP 30 PERCENT FROM PRESENT LEVELS. THE OTHER MEASURE IMPOSES A PROGRESSIVE EXCISE TAX OF 5 PERCENT TO 30 PERCENT ON THE PURCHASE OF NEW CARS.

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