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6 August 1959



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CENTRAL INTELLIGENCE BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

I. THE COMMUNIST BLOC

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USSR: Khrushchev's conciliatory remarks in his press conference on 5 August were designed to establish a favorable atmosphere for his forthcoming visit to the United States. His stress on the prospects for creating a "climate of confidence and mutual understanding" between the two countries probably was intended as a response to President Eisenhower's statement on 3 August announcing the exchange of visits. The Soviet premier underscored the "immense importance" of the state of Soviet-American relations for maintaining peace and contended there are no territorial disputes or "insoluble contradictions" standing in the way of improved relations. The announcement of the visits has been accompanied by a sharp drop in Soviet press articles critical of American living standards and the Sokolniki exhibition.

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Watch Committee conclusion--Berlin: The Berlin crisis has eased pending the exchange of top-level visits. The Soviet capability to exert pressure in Berlin against the West remains.

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II. ASIA-AFRICA

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Laos: Optimistic communiqués by the government in the past two days are an attempt to counter rising public concern over Communist military activity.

Communist Pathet Lao subversive activities have

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been increasing in all provinces. These include the formation of guerrilla units, intimidation, antigovernment propaganda, and the replacement of village chiefs in some areas.]

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[Meanwhile, UN Secretary General Hammarskjold is said to have urged Nehru to send Indian Commonwealth Secretary Desai to Vientiane to persuade the Laotian Government to end its objections to the reconvening of the International Control Commission for Laos.]

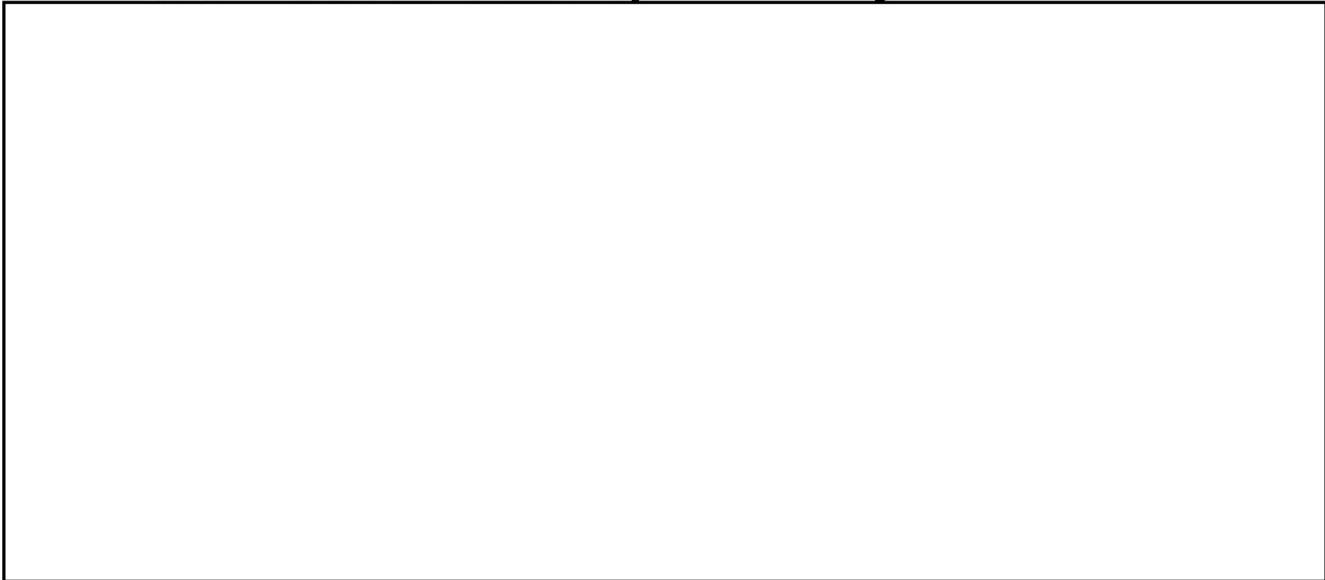


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Watch Committee conclusion--Laos: The outbreak of Communist guerrilla attacks appears to have as its initial purpose the reactivation of the International Control Commission, disruption of Laotian Government programs designed to reduce Communist influence, and the expansion of Communist subversive capabilities. In view of the limited information available, it is not possible at this time to determine whether these operations are the beginning of a major Communist effort to achieve the ultimate objective of taking over Laos.

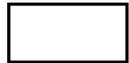
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UAR-Israel: Ali Sabri, President Nasir's top aide, has told the American chargé in Cairo that the Israeli-chartered freighter Inge Toft, which the UAR authorities have been holding since it attempted to transit the Suez Canal last May, is free to return with its cargo to the Mediterranean at any time. While the release of the ship and cargo should shelve]

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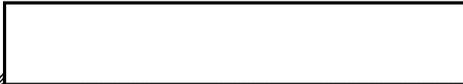


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(the immediate diplomatic issue embroiling the UAR, Israel, and the UN, it will do nothing to counter the Israelis' complaint that their attempts to use the canal to develop trade with East Africa and Asia are at the mercy of Nasir's political whims. Israeli Foreign Minister Meir said on 3 August that if Nasir were to succeed on the Suez issue, he might seek to block Israel from using the Gulf of Aqaba. She added that in this event Israel's reaction would follow in a matter of "minutes.")

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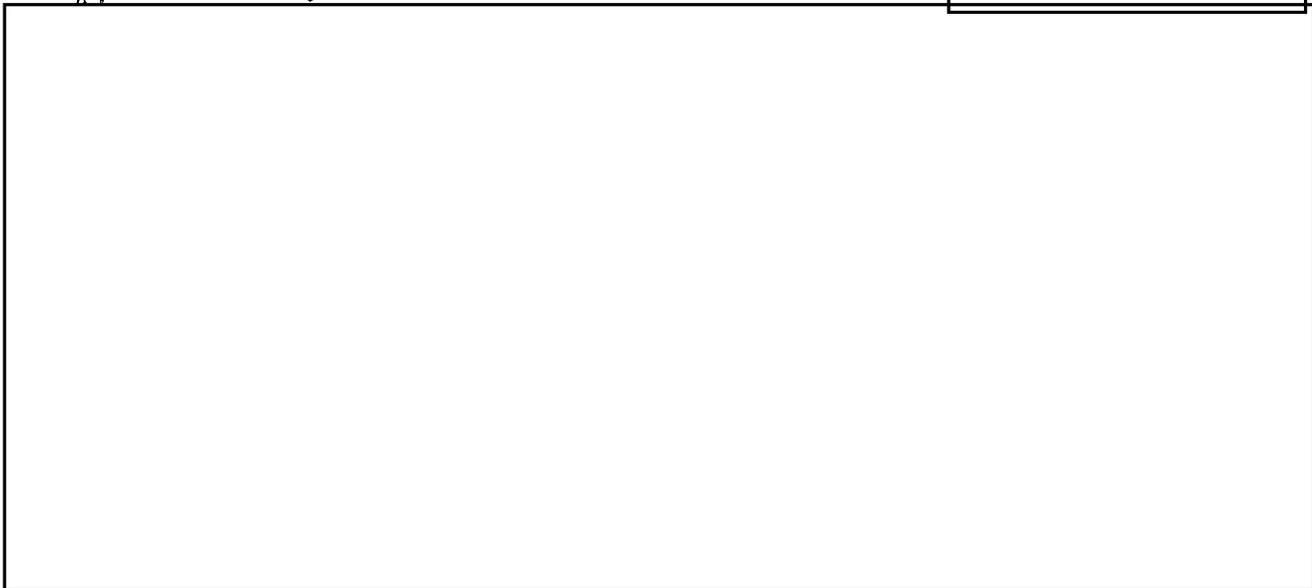
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Watch Committee conclusion--Middle East: Situations susceptible of direct exploitation by Sino-Soviet bloc action which would jeopardize US interests exist in the Middle East, particularly in Iraq and Iran. The initiation of significant hostilities is unlikely in this area in the immediate future.

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III. THE WEST

Nicaragua: A foray into Nicaragua by a small rebel group from Costa Rica on 3 August and the apparently successful infiltration of another small rebel band from across the Honduran border may be used by Somoza's critics at the inter-American foreign ministers' meeting opening on 12 August in Chile to

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justify the contention that a popular revolt is under way in Nicaragua. The rebel moves coincide with unprecedented public agitation in Nicaragua over the killing of several students by the military during a provocative student demonstration on 23 July. The Somoza government, however, does not appear to be seriously threatened at this time. [redacted]

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Finland: Finnish Communist party officials, as well as the party press, have strongly supported the Pravda line aimed at discouraging the government from joining the projected little free-trade area. They accuse President Kekkonen by implication of conspiracy to secure membership in an association dominated by the Western powers. Finnish officials are hopeful that Moscow will not oppose some form of economic contact free of political implications between Finland and the new grouping.

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[redacted]

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[redacted]

I. THE COMMUNIST BLOC

II. ASIA-AFRICA

Laos

The Laotian Government, in an effort to quell rising public alarm over fighting in the northern provinces, has issued optimistic communiqués in the past two days. While admitting a "strategic withdrawal" of national forces from "all" posts in Phong Saly Province and from "certain" posts in Sam Neua Province, the government claims that troop reinforcements in the latter area have successfully curbed the enemy advance. One communiqué also claims the reoccupation of several posts in Phong Saly Province. Both parachute battalions, comprising the bulk of the government's reserve forces, have now been committed in the Sam Neua area along with a few infantry companies.

[redacted] a steady increase in subversive activity by Communist Pathet Lao elements throughout the country over the past several weeks. Resistance units formed by demobilized Pathet Lao troops who have taken to the bush in recent months are especially active in antigovernment propaganda and intimidation among the rural population. In some areas pro-Communist village chiefs have been installed.)

The poorly trained and understrength Laotian Army of some 22,500 would be unable to cope with widespread insurgency. Additional troop movements to the fighting area in the north are already impossible without leaving vital areas uncovered in the other ten provinces. The Laotian Army, under the circumstances, is recalling chiefs of its own former anti-Communist guerrilla units to assist in organizing guerrilla forces to operate in the north.

The Laotian Government on 4 August requested United Nations Secretary General Hammarskjold to inform member nations of the UN of the "serious situation in Laos caused by thinly veiled intervention from North Vietnam."

[redacted] Hammarskjold has urged Premier Nehru to send Indian Commonwealth Secretary Desai to Vientiane to persuade the Laotian Government to end its objections to reconvening the International Control Commission.

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III. THE WEST

New Rebel Incursions Into Nicaragua

The government of President Luis Somoza is the target of two new rebel incursions. One small group crossed from Costa Rica on 3 August but apparently retreated after encountering resistance from a Nicaraguan National Guard patrol. Another small band, estimated at 30, appears to have infiltrated from Honduras and to be awaiting the support of disaffected elements inside Nicaragua. The rebel moves are likely to be used by Cuban and Venezuelan representatives at the inter-American foreign ministers' meeting opening in Chile on 12 August to justify the contention that a popular revolt is under way in Nicaragua and that therefore any action in defense of the government would be unwarranted intervention in Nicaraguan affairs.

The new incursions coincide with unprecedented public agitation in Nicaragua over the killing of five students during a provocative student demonstration on 23 July in the university city of Leon. Spontaneous protest demonstrations have taken place in various Nicaraguan cities almost every day since then, and on 2 August another student was fatally wounded by the national guard. There is no outward sign that the small but militant opposition factions are as yet guiding the demonstrations, but they are probably considering such action. The student problem is potentially explosive and could supply the specific complaint against the regime needed to rally popular feeling against it. At present, however, the government does not appear to be seriously threatened.

The rebel groups now operating at the Costa Rican border, which may number about 80, appear to be the remnants of the band dispersed by Costa Rican authorities in late June. At that time it was apparent that the rebels, who included Costa Ricans and other foreigners as well as Nicaraguans, had been supplied with weapons from Cuba. Costa Rican President Echandi probably will again make every effort, within his limited resources,

to disperse the rebels and thus enforce Costa Rica's policy of neutrality in the Nicaraguan affair. If he is not successful, Nicaraguan units may cross into Costa Rica to engage the rebels. Such action would be taken only as a last resort, however, since both Echandi and Somoza wish to avoid serious border incidents.

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Finnish Communists Intensifying Attacks on Planned Association
With Little Free-Trade Area

Following the recent article in Pravda denouncing Finnish plans for association with the little free-trade area, Finnish Communist party (FCP) officials, as well as the party press, have taken this cue to launch an attack aimed at discouraging the government from proceeding with these plans. The FCP chairman has accused the government, and by implication President Kekkonen, of being involved in a conspiracy aimed at securing membership in an association which would be dominated by the Western powers.

Finnish Government officials, meanwhile, continue to seek to assure the Soviet Union that Finland is interested only in protecting its own markets and that it fully intends to maintain its present level of trade with the USSR. Foreign Minister Torngren in a speech on 25 July explained that the form of possible cooperation is still an open question, and that the decision will be based on the understanding that the group must be "absolutely nonpolitical and independent of external organs."

There is no evidence thus far that Soviet officials have sought to bring pressure on the Finns in order to prevent further moves toward association with the little free-trade area. Since the group's next ministerial meeting is not likely to be held until late autumn, Moscow may consider local Finnish Communist agitation sufficient for the present to discourage Finland's weak Agrarian government from committing the country too deeply.

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