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12 October 1959

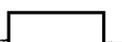


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CENTRAL INTELLIGENCE BULLETIN



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State Dept. review completed

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CENTRAL INTELLIGENCE BULLETIN

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12 October 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

USSR: Khrushchev has publicly revealed in a speech at Bratsk that this year's grain harvest will be "slightly less" than last year's bumper yields. Crop prospects in fact appear to be poorer than Khrushchev's phrase would imply. Unfavorable weather and reduced grain acreage make it probable that the current grain harvest will be well below last year's. Khrushchev continued optimistic over industrial prospects.

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II. ASIA-AFRICA

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Laos: UN Secretary General Hammarskjold plans to arrive in Laos on 2 November to make arrangements for the establishment of a UN presence there under his administrative authority. Some subordinates of the subcommittee are to remain in Laos pending implementation of his plan. Hammarskjold reported that Soviet Deputy Foreign Minister Kuznetsov raised no objection when informed of the plan. Earlier, Hammarskjold had been unwilling to appoint a UN representative to Laos without a specific mandate from the General Assembly or the Security Council. A

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(UN representative operating under the direction of the secretary general would have more authority to investigate incidents and make recommendations than the present Security Council sub-committee.)

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Ceylon: Governor General Goonetilleke assured the American ambassador on 8 October that Prime Minister Dahanayake is sincere in his private assurances of a firm anti-Communist and pro-Western position. Goonetilleke made a strong appeal for increased US aid.

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The opposition parties have decided to introduce a no-confidence motion when Parliament reconvenes on 27 October; they may make only a token effort, however, since many members are reluctant to face elections.

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South Korea: The threatened split in South Korea's only opposition party may have been averted by the decision of Democratic party coleader Cho Pyong-ok to withdraw from the party's presidential race in favor of Vice President Chang Myon. Cho probably estimates that the administration will use all necessary means to prevent a Democratic victory in 1960, and that his candidacy would incur the enmity of President Rhee, with whom he is on good terms. The decision also puts Cho in a good position to capture the party's titular leadership.

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III. THE WEST

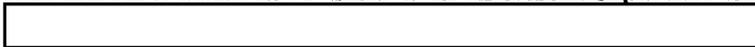
Brazil: [Brazil's relations with the US are cooling under the pressure of financial difficulties, popular unrest over economic conditions, and exploitation of this situation by demagogic politicians eyeing the 1960 presidential elections. The latest irritant results from attempts by opponents of US investment to blame the present serious meat shortage on the foreign packers and to urge nationalization of their plants. Three US packers and one British firm control some 40 percent of plant capacity.]

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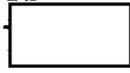
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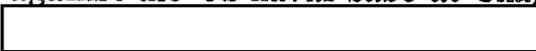
British West Indies: [The recent constitutional conference of the West Indies Federation has reached an impasse because of Jamaica's unwillingness to compromise its demand for increased representation. Absence of progress toward wider federal powers and early independence may cause Trinidad's anti-American premier, Eric Williams, to use dramatic means to stir up West Indian nationalist sentiment--such as a renewal of his campaign against the US naval base at Chaguaramas.]

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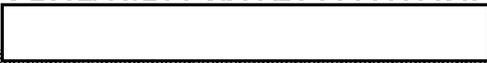


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I. THE COMMUNIST BLOC

Khrushchev on Soviet Economic Prospects

In a speech at Bratsk on 8 October, Soviet Premier Khrushchev admitted for the first time that the grain harvest will be "slightly less than last year," but he said there would be "enough grain." Khrushchev displayed his usual optimism for this year's industrial output, which he says is running 4 to 5 percent ahead of schedule.

Precipitation this year has been well below normal in some grain areas, and only average yields can be expected in others. Also, the acreage devoted to grain crops in the USSR this year is some 10-15 million acres less than during the past several years. Thus it seems probable that the current grain harvest will be well below, rather than "slightly less" than, the record harvest of 130,000,000 metric tons last year--possibly in the neighborhood of the mediocre 105,000,000-ton harvest of 1957.

Because Soviet agricultural production has been much higher since the New Lands were first brought to use in 1954 and 1955, the smaller crop will not create a domestic food shortage. Soviet efforts to catch up with the US in production of livestock products will be affected by the smaller feed supply, however, and less grain will be available for export. The relatively poor crop this year, the first of the Seven-Year Plan, will probably heighten criticism of shortcomings in agriculture, which are to be discussed at the plenum on agriculture scheduled for late November.

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Situation in Ceylon

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[Governor General Goonetilleke, in discussing the political situation in Ceylon with the American ambassador on 8 October, assured him that Prime Minister Dahanayake was sincere in expressing privately to the ambassador his anti-Communist position and his desire to work closely with the West. Goonetilleke appealed strongly for increased American economic aid during the next two "crucial" years. He expressed the belief and hope that Dahanayake would be able to survive the present crisis and last out the remaining 18 months of the government's constitutional term.]

[Goonetilleke's strong endorsement of Dahanayake probably is motivated by fear that his own position as Governor General is secure only as long as the present government remains in office.]

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[Dahanayake's command of a working majority in Parliament remains in doubt. The combined opposition parties have decided to introduce a no-confidence motion when the House of Representatives reconvenes on 27 October. Opposition spokesmen are vigorously protesting the government's continuation of a state of emergency, its stringent censorship regulations, and its failure to reconvene Parliament immediately. Despite their publicly expressed determination to defeat the government, leftist elements apparently continue to be reluctant to face elections and may therefore abstain or absent themselves in sufficient numbers to enable Dahanayake to win the test vote. The prime minister's own divided party is likely to give him nearly unanimous support in order to stay in office.]

[Rumors apparently are widely prevalent in Colombo of a conspiracy behind the recent assassination of former Prime Minister Bandaranaike, implicating certain ministers and high government party officials.]

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The maintenance of close press censorship, with any speculation on Bandaranaike's assassination specifically banned, probably is lending substance to reports that members of the government were involved.]

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III. THE WEST

Political Exploitation of Brazilian Meat Shortage Threatens US Investments

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The serious shortage of meat in Brazil, following hard on shortages of other staples which caused near-riots in September, has put the public in an ugly temper. This has caused deep concern among Brazilian officials and prompted calls for nationalization of the large packing houses. Public impatience with shortages, corruption, and high living costs was demonstrated in the municipal elections on 7 October in Sao Paulo, Brazil's largest city, when a rhinoceros--a "write-in candidate"--polled the largest vote.)

The three large US packers and one British firm--which control a total of some 40 percent of plant capacity--suspended operations during late August and early September, protesting they were losing money under price ceilings. They resumed slaughtering in mid-September after the government threatened to take over temporarily all large packing houses unless normal supplies of meat reached the market immediately. Some Brazilian packers are also under close government scrutiny, but the government privately admits it cannot police all of the small packers, many of which are selling in the black market. Meat has been rationed, and butcher shops closed three days a week.)

The situation is susceptible to exploitation by demagogic politicians eyeing the 1960 presidential elections, as well as by extreme nationalists and Communists who oppose US investment and influence in Brazil. A government official has stated [Redacted] that concern over social unrest is the overriding factor at present, and that consideration for foreign investment is temporarily secondary. These considerations also influenced President Kubitschek last June to suspend talks with the International Monetary Fund which were to precede a request for US financial assistance.)

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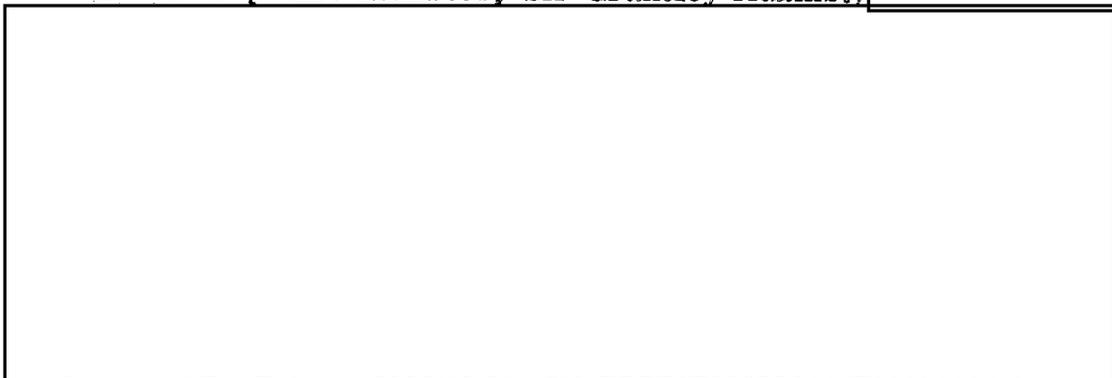
No Progress at West Indies Constitutional Congress

[Lack of any progress at the constitutional conference among members of the West Indies Federation may cause Trinidad's anti-American Premier Eric Williams to seek dramatic means to achieve his goal of wider federal powers and early independence.]

[The conference reached an impasse over the first agenda item of representation and adjourned on 7 October, apparently leaving for committee consideration this and other issues--including federal finances and taxation and the question of a customs union. The deadlock resulted from Jamaica's demand for 49 percent of the legislative seats in order to reflect its numerical and economic preponderance in the Federation. Trinidad and the smaller islands were willing to increase Jamaican representation by offering 40 percent of the seats in an enlarged legislature instead of Jamaica's present 37.7 percent.]

[The delegates apparently preferred to delay political and economic evolution of the Federation rather than take decisions unpalatable to Jamaica, which has threatened to secede. Divisive factors have been accentuated by the open clash between profederalist forces led by Williams and Jamaica's insistence on "states' rights." Williams wants broader federal powers involving a budget nearly 15 times the present size. Jamaica vehemently opposes a federal income tax and customs union, which it considers threats to its present economic advantage. Future developments will be influenced by whether London continues its present role as observer or intervenes more actively in an effort to keep the Federation together and proceeding toward independence--which London hopes to grant within about five years.]

[Williams evidently seeks to create a strong federal system which would give him a wider political forum if he becomes its prime minister. He may revive his now quiescent campaign against the US naval base at Chaguaramas in an effort to arouse West Indian nationalism. He may also maneuver to unseat the weak federal prime minister, Sir Grantley Adams.]



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Scientific Adviser to the President

Director of the Budget

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Director, National Aeronautics and Space Administration

Special Assistant for Security Operations Coordination

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Executive Secretary, National Security Council

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The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

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