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[Redacted]

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DOCUMENT NO. 30
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 78-2
DATE: 5 JUN 1980 REVIEWED: [Redacted]

5 December 1959

[Redacted]

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Copy No. C 65

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CENTRAL

INTELLIGENCE

BULLETIN



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State Department review completed

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Approved For Release 2003/01/29 : CIA-RDP79T00975A004800300001-5

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CENTRAL INTELLIGENCE BULLETIN

5 December 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

OK
USSR--Geneva Talks: In a private talk with Ambassador Wadsworth on 1 December, Soviet delegate Tsarapkin stressed the need for "mutual concessions" and hinted that the USSR might relax its insistence on an unconditional cessation of all tests if the technical experts fail to reach agreement on the underground detection problem. The USSR apparently hopes to clear the way for focusing the negotiations on obtaining American agreement in principle to the concept of a predetermined number of on-site inspections of suspected nuclear explosions in any given year. Khrushchev may hope that a treaty, complete except for agreement on the actual number of inspections in any year, can be prepared in time to be presented for final decision and approval at the summit meeting next spring.

II. ASIA-AFRICA

Indonesia - Communist China: The Chinese Communist Embassy's continued obstruction of the resettlement of rural Chinese in West Java and its disregard of travel bans seems likely to goad Djakarta into taking further countermeasures. The Indonesian Army's recurrent maltreatment of evacuees may encourage civilian groups to carry out local pogroms or vigilante actions against the Chinese populace. [redacted]

OK

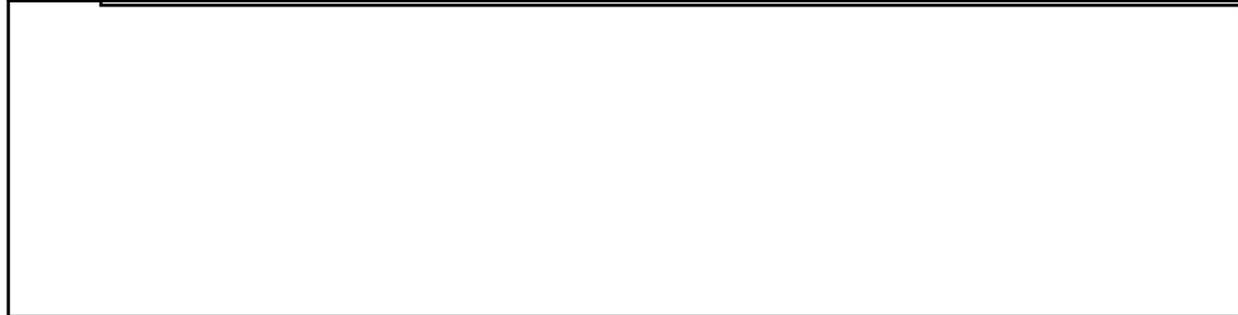
Laos: Premier Phoui's announcement that general elections will be held next April indicates a break in the deadlock between conservative and reformist elements that has been threatening a political crisis. The conservatives wanted later elections; however, the door has been left open to an indefinite postponement if required by "circumstances beyond the government's control." At the same time, the announcement suggests that the National Assembly may be dissolved, as desired by the reformists. [redacted]

OK

Morocco: Prime Minister Ibrahim [redacted] indicated on 26 November that the question of the five American air bases in Morocco is the only problem he intends to discuss with President Eisenhower when the President visits Casablanca on 22 December. Ibrahim does not expect the problem to be settled at that time but is hopeful that his meeting with the President will provide new impetus to the base negotiations, in which the Moroccans are seeking US acceptance of an early evacuation schedule. The American Embassy in Rabat believes that King Mohamed V now is virtually certain to ask the President what the US intends to do about its commitment in principle last spring to make arms available to Morocco. [redacted]

NO

OK



III. THE WEST

Cuba: Carlos Rafael Rodriguez, Cuban Communist party official and editor of the party daily Hoy, may be named to Fidel Castro's cabinet. Rufo Lopez Fresquet, minister of finance and one of the few remaining experienced moderates among Castro's officials, will apparently soon be replaced by Rodriguez or some other Communist-oriented figure.

OK

Cuba will probably buy Vampire jets in Italy if the Italian Government does not quickly

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prevent the sale. [redacted] Cuba has not bought
MIG-17s, previously reported under consideration, but still
plans to buy some arms from Soviet bloc countries. [redacted]

OK
Ecuador: The provincial governor in Guayaquil, Ecuador's
largest city and stronghold of opposition elements, expects
serious Communist-abetted violence on 5 December following
a major sports event which may draw 50,000 people. Although
the US-trained government security forces are believed to be
capable of controlling the current unrest, any incident carries
a potential threat to the stability of the weak and unpopular
government of President Ponce. Moreover, any violence in
Ecuador will reinforce the arguments of Peru and Venezuela
for postponing the 11th Inter-American Conference set for
Quito on 1 February. Disruption of the conference is a major
objective of regional Communist parties and of a large opposi-
tion group, the Concentration of Popular Forces, at Guayaquil.

IV. SIGNIFICANT INTELLIGENCE
REPORTS AND ESTIMATES

(Available during the preceding week)

Outlook for Nepal, Bhutan, and Sikkim. NIE 55-59.
24 Nov 59. [redacted]

LATE ITEM

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*Ceylon: Governor General Goonetilleke's action on 4 De-
cember in dissolving Parliament and ordering elections on
19 March, one year ahead of schedule, probably was taken
with the concurrence, and possibly on the initiative of, Prime
Minister Dahanayake. Both leaders had wanted to avoid elec-
tions if possible. Dahanayake may have reasoned, however,

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that the fall of his shaky government was inevitable eventually, despite having narrowly survived recent confidence votes, and that his chances for re-election would be better if he stepped down voluntarily. Goonetilleke may have been reluctant to delay elections, fearing strong adverse reaction from the public as well as from conservative elements, who feel confident of winning substantial popular support. A caretaker government is likely to be appointed, possibly headed by Dahanayake.

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Soviet Hints at Possible Compromises in Geneva Nuclear Test Cessation Talks

Soviet representatives at Geneva continue to appear to want early settlement of all remaining issues in the political talks and are showing a relatively cooperative attitude in the current technical talks on the detection of underground tests. In a private discussion with American delegate Wadsworth on 1 December, Soviet delegate Tsarapkin stressed the need for "mutual concessions," adding that the USSR was "anxious" to conclude a treaty even if disagreement at the technical talks should force "temporary abandonment of the drive toward a comprehensive treaty."

Tsarapkin has previously hinted privately that the USSR might relax its insistence on a permanent and unconditional cessation of all tests. He indicated interest in a phased approach which would provide for a permanent ban on atmospheric, high-altitude, and underwater tests and a temporary prohibition on underground tests, pending development of a trustworthy control system. He emphasized, however, that the "crux of the matter" is the obligation for a full cessation of all tests at the outset, regardless of the temporary nature of the underground ban.

Moscow apparently hopes to focus negotiations on obtaining American agreement in principle to the concept of a predetermined maximum in any given year for on-site inspections of suspected nuclear explosions. Khrushchev may hope that a treaty, complete except for agreement on the actual number of inspections to be permitted per year, can be prepared in time for the summit meeting next spring. He consistently has argued that the determination of the actual figure should be a "high-level political" decision. [REDACTED]

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II. ASIA-AFRICA

Sino-Indonesian Dispute Unabated

The Chinese Communist Embassy in Djakarta, by its continued obstruction of the resettlement of rural Chinese merchants in West Java and its disregard of army-imposed travel bans on Chinese embassy and consular personnel, may goad the Indonesian Government into taking further countermeasures.

The West Java army commander has announced that the Chinese Communist commercial counselor and nine other officers and dependents were found traveling to one of the troubled West Java areas on 28 November. Although the group was "invited" to leave, a consul and a military attaché remained for two days until the army ordered them back to Djakarta. Army authorities charge that, in addition to encouraging resistance to resettlement, the embassy brands as traitors those Chinese who have complied with the evacuation order and has threatened retaliation against their families in China. Chinese consular personnel have toured East Borneo, presumably to instruct rural Chinese on reaction to the alien retailer ban.

The army has admitted incidents and numerous arrests in the course of resettlement and has acknowledged that new city homes provided for evacuated Chinese are not "palaces." There is a danger of continued incidents involving the army, and the over-all program may encourage local violence by Indonesian civilians against the Chinese. On 28 November, however, the West Java commander broadcast his instructions to army officers to exercise tact and patience in handling the resettlement program because the aliens are citizens of a "friendly country." [redacted]

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Break in Laos Cabinet Deadlock

Premier Phoui's announcement that general elections will be held in Laos next April indicates that the deadlock of several weeks' standing between reformist and conservative elements in the cabinet has been broken. At the same time, Phoui's communique indicates that the National Assembly may be dissolved, but that the deputies will continue to "exercise their mandate" until the elections; this may mean that the present assembly will be reconstituted as a provisional body. Postponement of elections is still possible, however, since the stipulation was made that they will take place "except in the event of circumstances beyond the government's control."

[The conservatives, led by Phoui, had argued for a one-year's extension of the assembly's mandate, due to expire on 25 December, and postponement of elections until December 1960. The reformist Committee for Defense of National Interests (CDNI), supported by the King and influential elements in the army, had insisted that the assembly be allowed to expire, a provisional government be appointed by the King, and elections be scheduled for this spring or summer. The compromise indicated in Phoui's communique appears to have averted the threat of an early government crisis, but new difficulties are likely to develop when Phoui, as can be expected, seeks postponement of the elections.]

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[With the question of the assembly's tenure resolved, Phoui will probably proceed with a modest reorganization of his cabinet. Three lesser conservative cabinet members whose performance even Phoui admits has been unimpressive will probably be replaced.] [REDACTED]

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Cuban Developments

There seems little doubt that Cuba's moderate Finance Minister Rufo Lopez Fresquet, will soon be ousted. Carlos Rafael Rodriguez, a top Cuban Communist party official and editor of the party's leading daily, may replace him. Another possible replacement is fellow-traveling Oscar Pino Santos, at present an economic adviser in Castro's powerful agrarian reform institute, although he is not considered a competent economist. It is also reported that Raul Castro, Communist-oriented minister of defense, may assume the finance post to avoid appointment of a known Communist.

The recent naming of pro-Communist "Che" Guevara as president of the National Bank with effective control over foreign trade transactions has been followed by the resignation of several economists in secondary positions, and others are expected soon. With the Finance Ministry in the hands of extremists, Economy Minister Regino Boti and possibly Communications Minister Enrique Oltuski would remain the only moderating influences against a group, led by Raul Castro and Guevara, which has made little secret of its plans for a state-controlled economy.

It is also reported from Havana that the Castro government will probably buy [REDACTED] former Italian Air Force Vampire jets from the Macchi factory in Italy. Ambassador Bonsal expects the purchase to be made soon unless the Italian Government withholds approval. In discussing arms sales to the Caribbean, an Italian official recently said that in the absence of an agreement among the allies on this subject, his government did not feel bound to prevent such sales.

[REDACTED] the Castro government would discuss an offer of Mystere jets from a Swiss firm and that MIG-17s previously considered had not been bought. The British refusal, announced on 2 December, to sell Cuba jets to replace conventional fighters will probably accelerate Castro's determination to buy jets wherever he can get them most quickly. The widely held belief that US pressure was responsible for the British decision has caused unfavorable reactions among even anti-Castro Cubans and in other Latin American countries.

Communists Exploit Unrest in Ecuador

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The provincial government in Guayaquil, Ecuador's largest city and a stronghold of opposition groups, expects serious violence on 5 December following a major sports event to be attended by an estimated 50,000 people. The Communists, who have been exploiting unrest in Guayaquil since last June, have been collaborating closely with elements of two larger leftist parties in sporadic disturbances with the objective of undermining the weak and unpopular regime of President Ponce and of delaying or disrupting the 11th Inter-American Conference set for Quito on 1 February. The large sports crowd would be a logical target for Communist manipulations.

Disruption of the conference is a primary aim of Latin American Communist parties. They are promoting this by extensive propaganda, by organizing "popular" congresses to develop sentiment against the US and the Organization of American States (OAS), and possibly by clandestine support to Ecuadoran Communists for subversive activity.

Renewed violence in Ecuador will reinforce the arguments of Peru and Venezuela, which are attempting to postpone the 11th conference. Peru resents the lack of progress toward the settlement of its long-standing boundary dispute with Ecuador. Venezuela ostensibly fears violence during the conference sessions but probably wants time to develop backing for a strong OAS resolution against the recognition of authoritarian regimes.

The Ecuadoran security forces--trained and equipped by the US for handling riots--are believed capable of controlling the current unrest, but any serious incident, whether brought under control or not, could weaken the stability of the government, in view of Guayaquil's explosive atmosphere. [REDACTED]

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