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CURRENT INTELLIGENCE WEEKLY SUMMARY

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Five of the nearly 40 cabinet members are known to be leftists of varying hues. They range from openly pro-Communist Sudjono, a deputy minister for "mobilization of the people's potential," through "national Communist" Prijono, who is deputy minister for education, to "leftist nationalist" Mo-hammad Yamin, minister for social and cultural affairs. Compared with the former cabinet, however, leftist representation has been reduced.

The cabinet promises to adequately supply consumer

items for the people, to establish security, and to continue the "struggle" for West New Guinea. There is little indication, however, that effective remedial action in the realms of economy or security is possible within the near future.

The Indonesian Communist party has announced it will support the cabinet's program but will criticize "any wavering action" which is contrary to the "people's wishes."

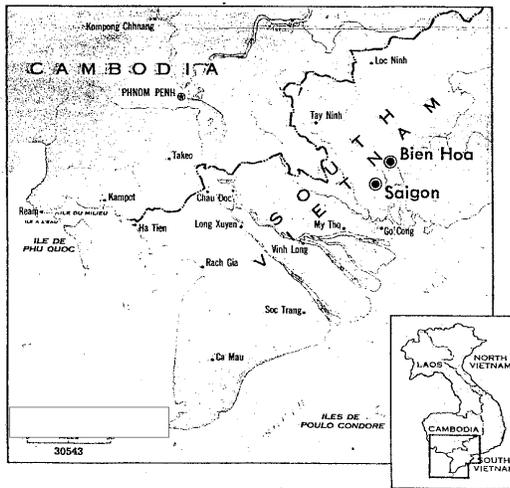
COMMUNIST TERRORISM IN SOUTH VIETNAM

The killing of two Americans in the recent Communist attack on a MAAG detachment at Bien Hoa, near Saigon, highlights a security problem that has long existed in South Vietnam. The Diem government, in contrast to its initial success in quashing large-scale dissidence following the end of the Indochina war in 1954, has in more recent years been virtually powerless to suppress sporadic acts of Communist violence committed principally in the rural areas by a small but well-organized underground.

The most notable feature of this campaign of terror has been the assassination of several hundred lesser Vietnamese officials. This situation has kept the Diem regime off balance and has diverted money, attention, and energy

from the task of making South Vietnam's economy viable in the long-term competition with North Vietnam.

It is uncertain whether the Bien Hoa terrorism foreshadows a new phase of Communist violence directed against



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American activities and influence, or is merely another development in persistent Communist efforts to create instability in South Vietnam and foment lack of confidence in Diem's leadership.

In recent years, numerous reports have been received of alleged Communist plans for anti-American terrorism, but the last previous incident involving American personnel was in October 1957 when bombs in Saigon injured 13 MAAG members. Hanoi radio, however, depicting the recent attack as a manifestation of growing anti-American sentiment among the Southern masses, warned that the only way for the American "imperialists to avoid wrathful blows at their heads is to quit South Vietnam." Hanoi has also called on the people "from north to south" to use

20 July--the fifth anniversary of the Geneva agreements--as an occasion to demonstrate their "spirit of revolutionary struggle against the traitorous Diem clique and American interference in Vietnam."

Communist propaganda recently has also taken a threatening tone toward Laos, where American personnel are soon to be introduced to assist the French military mission in training the small Laotian Army. The Communist bloc, which heretofore has relied primarily on restrictive provisions under the 1954 Geneva agreements to limit the American military presence in Laos, can be expected to react sharply to this development. With an extensive Communist underground responsive to Hanoi existing in Laos, parallel acts of violence against American personnel may develop there.

PEIPING ANNOUNCES REFORM PROGRAM IN TIBET

Peiping has announced a two-stage program of "democratic reform" and "socialist transformation" for Tibet which is designed to bring about the eventual destruction of those elements of the Tibetan social structure most opposed to Chinese rule--the nobility and the clergy. Details of the program are under discussion at the second plenary session of the Preparatory Committee for the Tibetan Autonomous Region now being held for that purpose in Lhasa.

Peiping, possibly anticipating difficulties, has carefully avoided any reference to the time required to complete the program. The Chinese Communists are asserting that the suppression of the "upper

strata" during the revolution last March has made possible the immediate start of the reform program, which was originally to be delayed until 1962.

The first step of the program includes the complete suppression of the rebellion and the elimination of the "feudal practices" of the upper classes and monasteries, such as unpaid forced labor and excessive rent and interest. The second step will be the redistribution of land. Peiping has fuzzed over whether the recipients of land will be individual peasants or "the people" --some form of collective ownership.

The regime has been explicit, however, in differentiating

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PROSPECTS FOR CONTINUED ARMY RULE IN BURMA

General Ne Win has apparently been convinced by the politically oriented "young colonels" in his entourage that a six-month extension of his term as prime minister beyond the April expiration date is required to achieve the immediate tasks the army has set for itself in revitalizing the government. He will therefore ask Parliament, some time after it convenes on 9 February, for such an extension. The Ba Swe - Kyaw Nyein faction of the Anti-Fascist People's Freedom League (AFPFL) has already given its informal sanction to an extension, and Ne Win is believed to be seeking a similar assurance from former Prime Minister U Nu, who leads the rival AFPFL faction.

Nu has not yet shown his hand on the question, but the army's recent arrest of Thakin Kyaw Dun, the secretary general of the Nu faction, may well have left the former prime minister in a vindictive mood. Ne Win might win a bare parliamentary majority even without the votes of Nu's followers, but he would doubtless prefer to have army rule legitimized by the overwhelming vote of both factions.

Even if Parliament should insist on national elections in April as originally planned by Ne Win after the army take-over last September, the army clearly

intends to retain a substantial voice in civil affairs. Ne Win told Ambassador McConaughy recently that he would abide by Parliament's decision as to whether to reconfirm him in office, name another prime minister, or insist on new elections, but that in any case certain key army colonels would retain their administrative posts for at least two years.

Furthermore, the army intended to guide the country and re-educate the politicians for another "twenty years." The prime minister indicated disgust over the behavior in office of both AFPFL groups, which before the party's split last spring had ruled Burma for ten years, and expressed the opinion that the Communist-led National United Front would win by default if the public knew the truth about the mismanagement and corruption his investigations had uncovered.

Meanwhile, the army continues to move vigorously in its efforts to reform almost every facet of public life in Burma. It is becoming increasingly apparent, however, that the army probably will not fulfill its promise to eliminate the Communist insurrection in Burma this year. Only two or three months of good campaign weather remain before the annual monsoon rains begin.

SOUTH VIETNAM

President Ngo Dinh Diem's government continues to make appreciable progress toward political and economic consolidation in South Vietnam. Emphasis is being placed on the rapid build-up of a strong mili-

tary establishment to counter the threats of internal and external Communist aggression. The government's preoccupation with national security matters has been accentuated by growing Communist influence in

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PART III

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neighboring Cambodia, and by Communist North Vietnam's military activity along the Laotian frontier.

South Vietnam's armed forces of some 146,000 men now have a relatively high degree of combat effectiveness, although they are still capable of offering only limited resistance to external aggression by the numerically superior North Vietnamese Army. At the same time, South Vietnam's two major paramilitary forces--the Civil Guard and the Self-Defense Corps--are undergoing streamlining and training suitable to their primary responsibility of maintaining internal security. Communist terrorism remains a problem, particularly in rural areas, where security sweeps are mounted periodically to break up bands of dissidents.

In the economic field, the Diem government is giving high priority to its agrarian reform, land development, and road-building programs in an attempt to undercut Communist subversion and infiltration. The govern-

ment has also decided to expand rice production as a primary source of income, rather than to concentrate on agricultural diversification or rapid industrial development. The country hopes to be in a position by 1961 to export 600,000 tons of rice annually, compared with exports of less than 200,000 tons in recent years.

The authoritarian nature of the Diem government and the repressive aspects of its militant anti-Communist posture continue to alienate various segments of the South Vietnamese community. The ever-tightening control of the government's Can Lao party over all aspects of political activity is a special source of irritation. At the same time, the nation's first popularly elected National Assembly is showing signs of increasing maturity and of becoming more than a rubber stamp. President Diem, aware of the shortcomings of his government, has stepped up his inspection trips throughout the country in an effort to generate broader popular support.

THE NEW LAOTIAN CABINET

The new Laotian cabinet of old-line politicians and reform-minded army officers and young civilians is a considerable improvement over its predecessor. Premier Phoui Sananikone's recent grant of full powers enabled him to appoint his cabinet without reference to the assembly. However, his freedom of action was limited by the necessity of satisfying the demands of his party--the conservative Rally of the Lao People (RLP)--while meeting the pressures of the reformers for an action cabinet. Phoui's solution was to retain all the members of his preceding govern-

ment, but to reshuffle portfolios and add three army officers. The result is probably the strongest cabinet in years, but some deadwood and several opponents of reform remain.

The key portfolios of finance, defense, foreign affairs and information now are held by young and apparently capable civilians or army officers. The removal as minister of religion of Bong Souvanna-vong, whose patronizing attitude had alienated members of the Buddhist hierarchy, should improve the government's relations with that group. The transfer

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