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6 July 1959

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CENTRAL

INTELLIGENCE

BULLETIN



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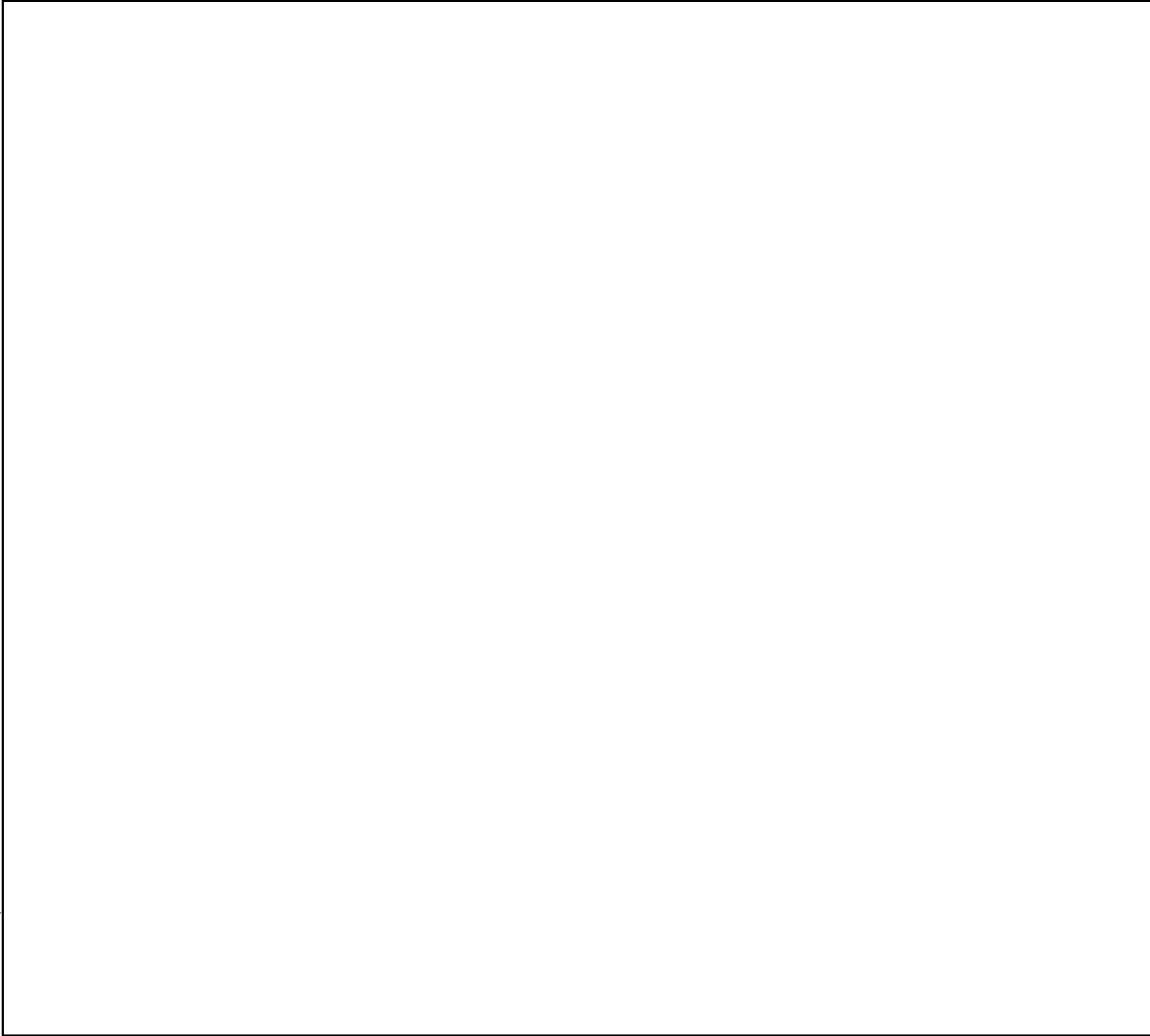
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CENTRAL INTELLIGENCE BULLETIN

6 July 1959

DAILY BRIEF



i



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II. ASIA-AFRICA

Iran-USSR: [Conservative, neutralist elements in Iran may be promoting a move to appease the USSR in an effort to end Moscow's cold war against Iran. Former Prime Minister and elder statesman Seyed Zia Tabatabai, who apparently was influential in promoting the abortive Soviet-Iranian non-aggression treaty negotiations early this year, is reported

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25X1 [redacted] to be urging such an effort. Top Iranian leaders show no signs of weakening, but if Moscow's propaganda is not abated, the Shah may agree to seek measures that would bring the campaign to an end.]

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[redacted]

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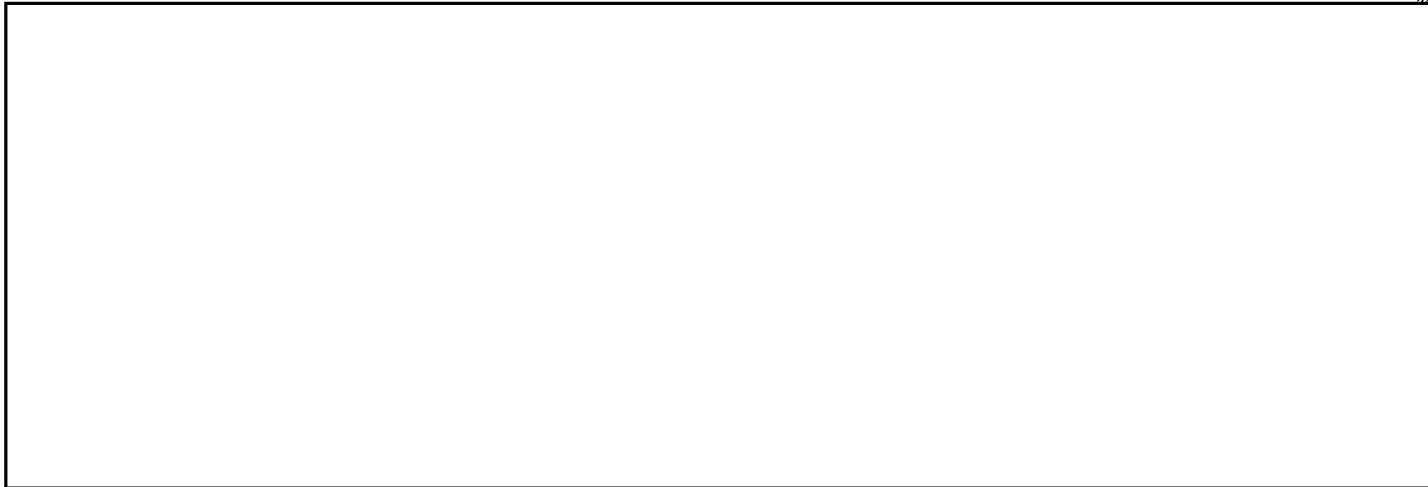
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DAILY BRIEF

ii

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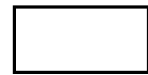
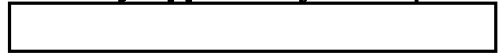


Ceylon: Prime Minister Bandaranaike's government has been further weakened by unfavorable domestic reaction to the ineffectual speech from the throne at the opening of Parliament on 30 June and by continuing leftist strike activity. The most powerful labor group in Colombo port remains on strike, and leftist leaders threaten to call out other unions on 6 July. [While various conservative groups continue to consider possible coup action, apparently none plans to act in the immediate future.]

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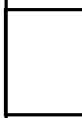
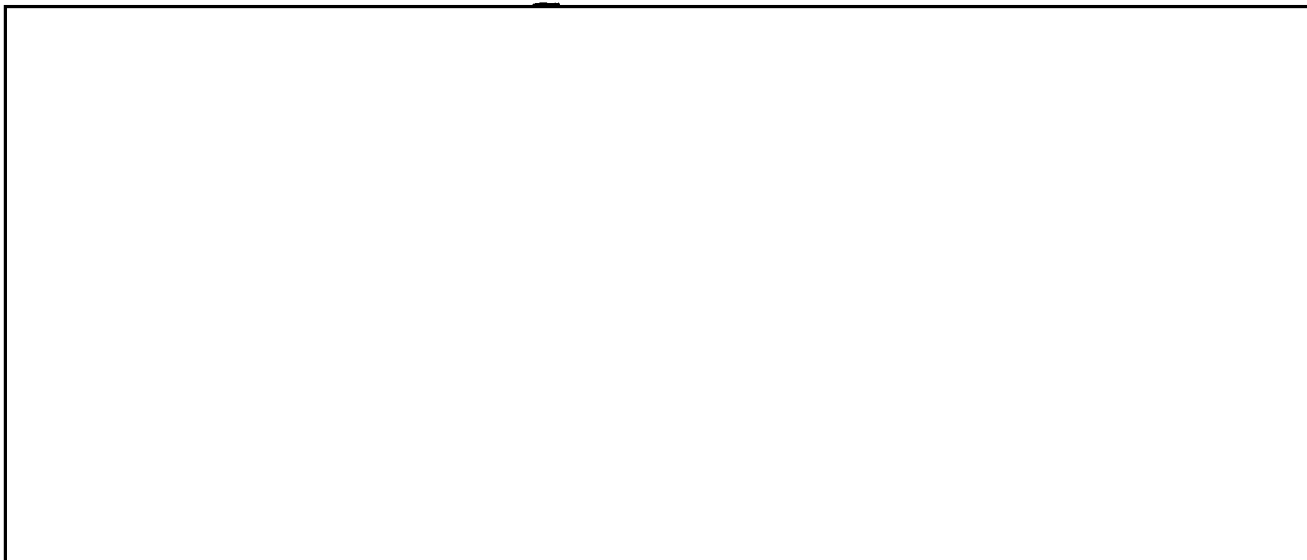
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III. THE WEST

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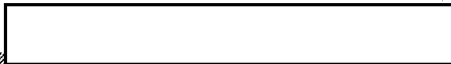
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DAILY BRIEF

iii



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Iranian Elder Statesman Urges Appeasement of USSR

[Seyed Zia Tabatabai, 73-year-old former prime minister who is traditionally neutralist, has been trying to promote a move to appease the USSR in order to end the five-month-old Soviet propaganda campaign against Iran.]

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[] the elder statesman has become greatly concerned over the Soviet threat and is convinced that Iran has only "a couple of months" before the Russians will incite a Baghdad-type revolution in Iran.]

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[Tabatabai proposes that the Shah immediately send a goodwill mission to Moscow as a gesture to permit Soviet leaders to save face. He feels Moscow would overlook Iran's participation in the Baghdad Pact and in the bilateral agreement with the United States, providing Tehran agrees to sign a nonaggression pact.]

[To further pacify the USSR, Tabatabai believes a scapegoat must be found to take the blame for the unfortunate situation facing Iran. He proposes, therefore, that the Eqbal government be dismissed on a vote of no confidence and that a new government be formed to take its place. While Tabatabai could be seeking the premiership for himself, as rumored in 1954, this does not appear to be his primary motive. He apparently is sincere in his fear for the future of Iran and is said to be urging many influential persons to put pressure on the Shah.]

[Tabatabai is regarded by the American Embassy in Tehran as one of a small, highly respected group who can best be called the "old-fashioned elder statesmen" of Iran. These men view the country in its historical perspective and believe its independence can best be maintained by remaining inconspicuously balanced between more powerful countries. They want Iran protected by the shield of Western military power without going so far as to annoy Soviet might, and would accept limited economic aid from both sides.]

[Neither the Shah nor Eqbal has yet shown any sign of weakening in the face of threatening propaganda. Nevertheless, with foreign propaganda demanding their death--as in the East German Persian-language broadcast of 30 June--and with pressure mounting to end the impasse with the USSR, the Shah, who often feels isolated and is easily depressed, may agree to investigate moves to end the Soviet "cold war" against Iran.]

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Situation in Ceylon

Prime Minister Bandaranaike's government has been further weakened as a result of parliamentary developments and continuing leftist-led strike activity. Reaction in Ceylon to the government's throne speech opening Parliament on 30 June has been unusually critical. The lack of constructive new proposals to alleviate the country's worsening economic and political problems--in effect an admission by the government that it can remain in office only by avoiding controversial issues--has further damaged Bandaranaike's prestige.

Despite its bare majority, however, the government probably will survive a parliamentary vote following debate on the speech on 8 or 9 July, as some members of the opposition apparently are reluctant to force national elections at this time.

Leftist political and labor leaders continue their effort to discredit the government and increase their support through recurrent strike activity. While five small Colombo port unions have accepted Bandaranaike's concessions and returned to work, the most powerful group--led by the Trotskyite Lanka Sama Samaj party (LSSP)--has decided to remain on strike despite a government ultimatum. LSSP leaders also threaten to call out workers in commercial firms on 6 July and may attempt to stage a general strike.

Army troops ordered into the port on 25 June are still trying to handle some cargo, raising the possibility of clashes with those workers who have returned. Mobilization of "volunteer" groups by the government to act as strike breakers may lead to additional violence.

[Deteriorating political and economic conditions are encouraging various conservative groups to consider "direct action" to replace the present parliamentary government with authoritarian rule. While the Governor General's order of 26 June mobilizing the armed-forces reserves increases opportunities for such action, there is no indication that any group plans a move in the immediate future.]

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