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25 August 1959

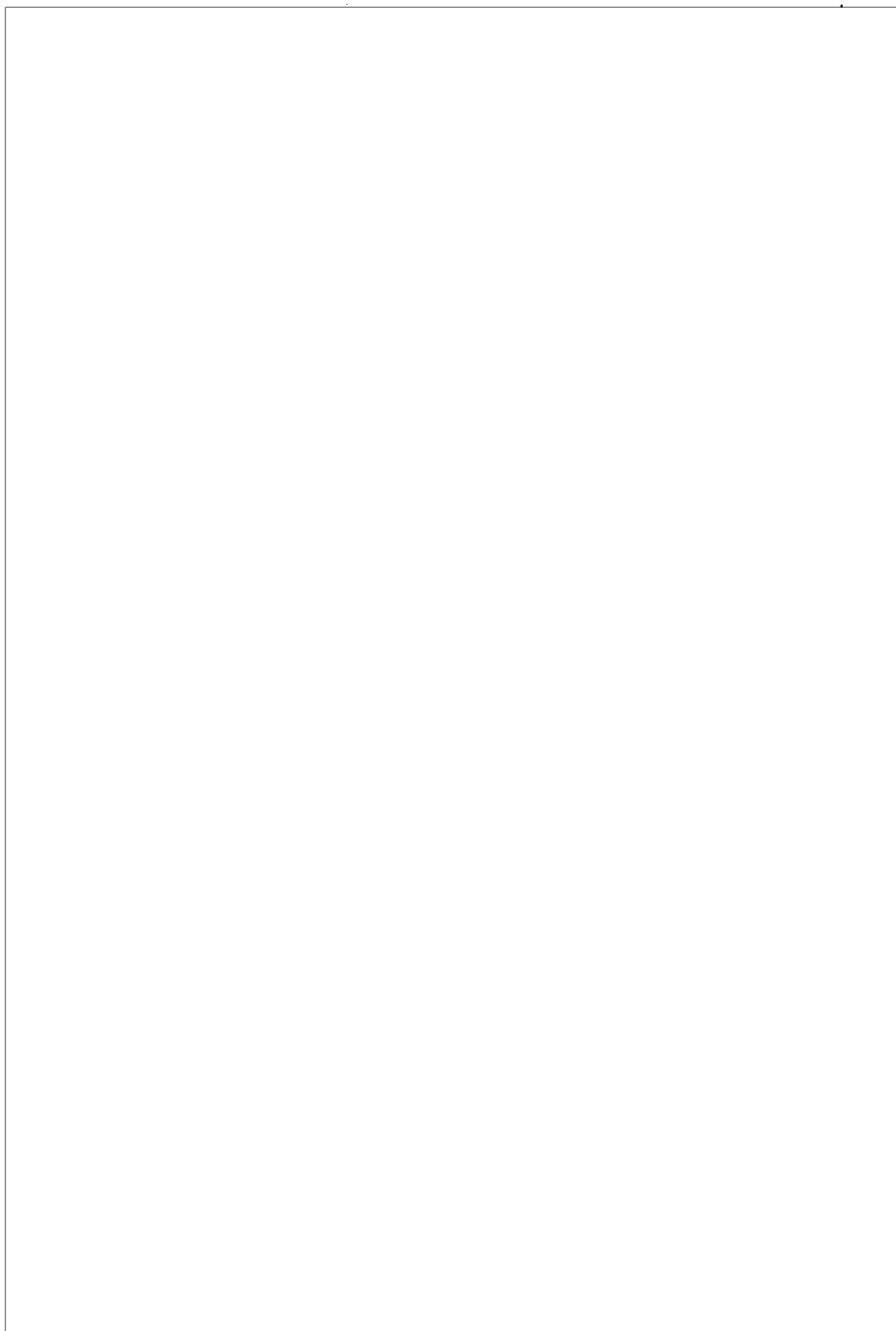
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CENTRAL INTELLIGENCE BULLETIN



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25 AUGUST 1959

I. THE COMMUNIST BLOC

II. ASIA-AFRICA

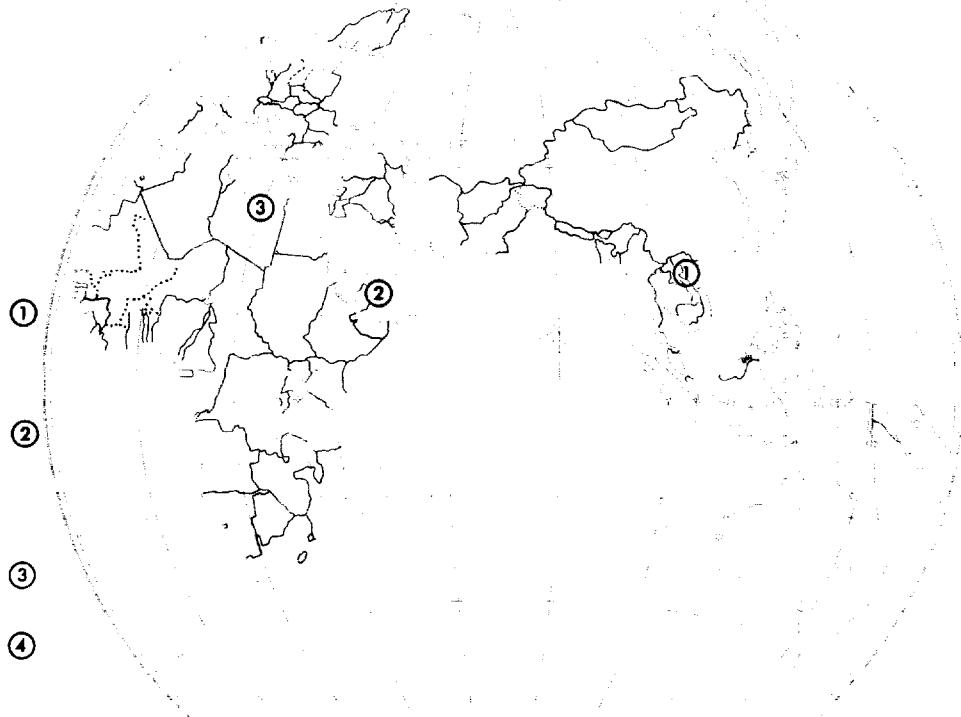
Laos--French and British representatives in Laos now believe situation critical; Hammarskjold suggests mediation formula to Nehru.

Yemen--The Imam's purge continues; Cairo considering withdrawal of some experts in its training mission. [redacted]

III. THE WEST

French schedule further reconnaissance flights over Libya.

Brazil--Riots over economic conditions a possibility in Sao Paulo.



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CENTRAL INTELLIGENCE BULLETIN

25 August 1959

DAILY BRIEF

I. THE COMMUNIST BLOC
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II. ASIA-AFRICA

N Laos: [The French military attaché in Laos has revised his previous optimistic estimate of the military situation in northeastern Laos and now believes the situation is critical. The British ambassador too believes the situation has turned critical during the past two weeks. Secretary General Hammar-skjold, meanwhile, has sent a letter to Nehru suggesting that the latter approach both Hanoi and Vientiane to work out a formula calling for a "mediator who would be from a neutral and non-Asian country."]

(Page 1)

N Yemen: The Imam is continuing his purge of dissident and reformist elements, both civilian and military. The Imam's attitude toward the UAR training mission is uncertain, and Cairo is considering the withdrawal of some of its experts.

The American Legation in Taiz reports widespread dismay among Badr's followers, and a number of Yemeni officials have stated openly that there is "little hope for improvement of the country as long as the Imam lives."

(Page 3)

III. THE WEST

N France-Libya: [The French Ministry of Defense has notified the US air attaché of plans for additional French Air Force reconnaissance flights over Libya to observe suspected Algerian]

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[rebel activity. The overflights, set for 26 August and 2 September, are to follow the same routes as those of 29 July and 5 August which apparently went unnoticed by the Libvan Government.]

DK Brazil: Riots protesting the shortage of basic foods and the continuing increase in the cost of living may erupt in the industrial Sao Paulo area. The illegal Communist party is probably ready to participate actively in any public disturbances. State police would have difficulty in controlling any large-scale riots and might have to summon army help.

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25 Aug 59

DAILY BRIEF

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I. THE COMMUNIST BLOC

II. ASIA-AFRICA

Situation in Laos

[The French military attaché in Laos says that he has revised his earlier optimistic appraisal of military developments in northeastern Laos and now feels the situation is critical. The British ambassador believes the situation in Sam Neua Province turned critical during the past two weeks and that Communist dissidence is expanding to the point where it is doubtful whether the government can hold the province.]

Pro-Communist refugees in northeastern Thailand are reported to have crossed into Laos in small bands totaling several hundred. These refugees may be used to foment unrest among the more than 14,000 Vietnamese already estimated to be living in southern Laos.

Press stories of "panic" in the royal capital of Luang Prabang as a result of reports that rebels had probed to within 30 miles of that city probably are greatly exaggerated. There have been recent reports of some small-scale Communist activity in the eastern part of the province of Luang Prabang, and rumors of this activity may have stimulated a few inhabitants of Luang Prabang to flee the city.

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If, as expected, the USSR turns down the British plan to send a UN observer to Laos, London may suggest a joint UK-Soviet proposal to the Laotian Government to recall the ICC. Britain, anticipating Laos' refusal, believes this move would make clear that the only possible peaceful solution is through the UN. As an alternative, London favors enlisting the "good offices" of Nehru. UN Secretary General Hammarskjold wrote to the Indian prime minister on 22 August suggesting that he approach Hanoi and Vientiane in an effort to work out a formula paving the way for the appointment of a "neutral" mediator who, Hammarskjold feels, should probably not be Asian. Hammarskjold's letter was the result of definite indications from the Laotian emissary that discussions with Nehru would have more chance of success than an approach through the Geneva cochairmen.]

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~~TOP SECRET~~Imam Continuing Purge in Yemen

The purge of dissident and reformist elements which the Imam began immediately following his return from Italy appears to have developed into a sweeping roundup of the military and civilians, including tribal elements and government personnel. Many of these will probably be executed or at least mutilated as the Imam threatened in his bloodthirsty speech on 12 August. Some of the elements involved took part in disturbances during the Imam's absence; some supported the reformist program which was attempted by Crown Prince Badr and which the Imam probably interprets as an attempt to undercut his own authority.

The American Legation on 17 August reported rumors that Badr's followers are planning to flee the country. Yemeni officials are much concerned over possible changes by the Imam and have openly stated that they have "little hope for improvement of the country as long as the Imam lives." The government machinery appears to be nearly at a standstill.

The Imam's attitude toward the UAR training mission is uncertain, and Cairo is considering the withdrawal of some of its experts. [redacted]

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~~SECRET~~**III. THE WEST****Brazilian Economic Unrest May Lead to Riots**

Social unrest over the cost of living and shortages of staple foods has mounted in the past week in industrial Sao Paulo and could lead to strikes and riots which would probably be exploited by the Communists, according to the American Consulate General. Sao Paulo state officials are concerned over the situation, and the governor reportedly conferred with President Kubitschek on 14 August about security measures. The police would probably have difficulty controlling a mass demonstration and might have to summon army reinforcements.

The cost of living in Sao Paulo increased over 17 percent in the first five months of the year and probably rose even more in July and August as a result of the food shortages. The federal government's emergency program to control prices and increase food production, instituted last March, brought some temporary relief but has not yet had a major impact on the situation.

A business recession in Sao Paulo and extensive unemployment in the construction industry are probably contributing to the unrest. The American Embassy has reported growing public impatience in Rio de Janeiro with shortages and price increases, and demonstrations have occurred in other cities.

The press has reported an announcement by the Brazilian Federal Price Control Agency that the government may take over foreign-owned meat-packing firms in an effort to relieve the current shortage of meat. This threat is probably intended partly to divert attention from other more serious basic shortages, as well as to force the meat-packing companies to resume operations under government price controls.

Protests over the cost of living and the business recession will probably reinforce President Kubitschek's reluctance to adopt an austerity program as a basis for reopening loan talks with the International Monetary Fund. Brazil's dollar receipts were unexpectedly high in July, but a new foreign-exchange crisis is likely within a few months.

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CORRECTION: In the Central Intelligence Bulletin of 22 August 1959, change the last sentence of the first paragraph of Item 1, Page 1, "Changes in Soviet Closed Areas," as follows

The Arctic city of Vorkuta, notorious as a major forced-labor camp during the Stalinist period, is the site of a Soviet civil airfield suitable for some Long Range Air Force use and is on the rail line to Polyarny Ural, a location suspected of being associated with the program for producing intercontinental ballistic missiles and earth satellite vehicles.

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The Under Secretary of State for Economic Affairs

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