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# CENTRAL INTELLIGENCE BULLETIN

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28 DECEMBER 1959

**I. THE COMMUNIST BLOC****II. ASIA-AFRICA**

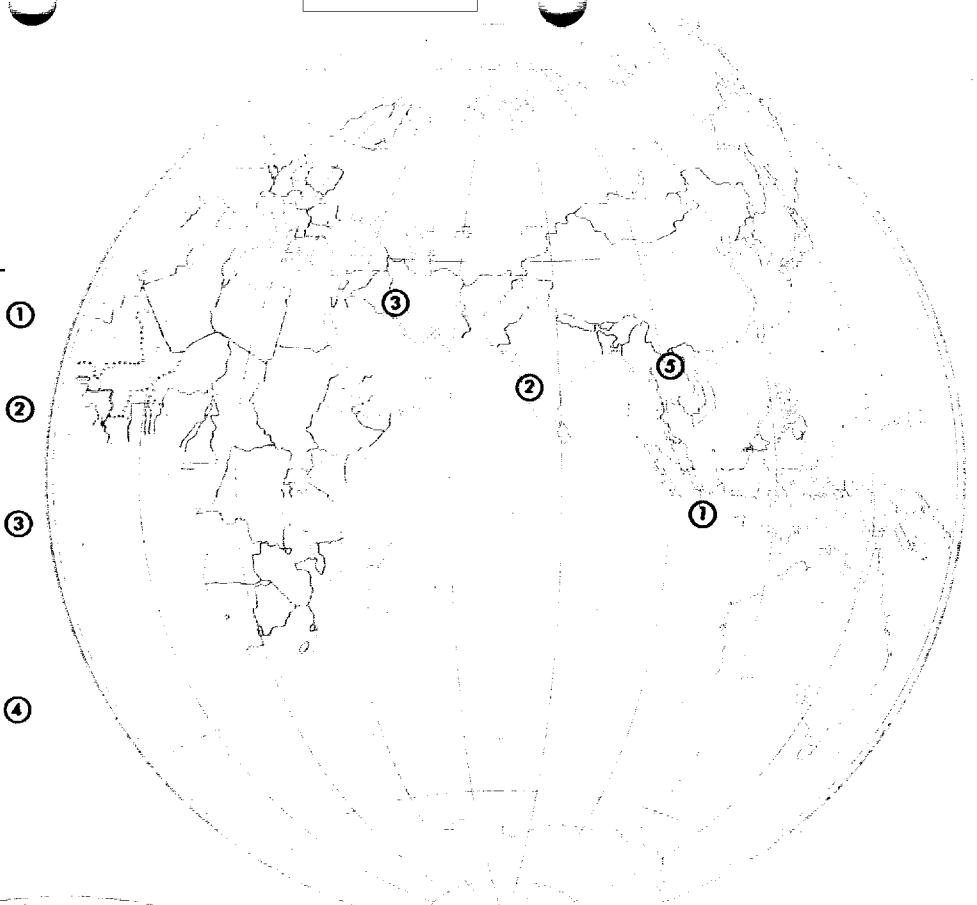
Indonesia gives Chinese Communist letter cool reception; Djakarta may be planning to close Bank of China branches in Indonesia.

India--Prospects appear good for anti-Communist parties in February election in Kerala State.

Iraq plans military exercises with live ammunition in two areas along Iranian border; increase in tension expected.

**III. THE WEST**

Brazilian Government planning action against leftist agitation; Ambassador Cabot notes popular unrest, sees possibility of leftist uprising or coup attempt. ④

**LATE ITEM**

⑤ Laos--Political maneuvering continues.

## CENTRAL INTELLIGENCE BULLETIN

28 December 1959

## DAILY BRIEF

*SIRAB*

## I. THE COMMUNIST BLOC

## II. ASIA-AFRICA

Indonesia - Communist China: Djakarta's reception of Chinese Communist Foreign Minister Chen Yi's letter of 24 December has been cool, and Indonesia continues to show no disposition to make concessions to Peiping. In fact, one report alleges that Indonesia may be preparing to restrict Chinese economic activities further by closing Bank of China branches in Indonesia in January. Chen Yi's letter made a "specific proposal" that the two countries promptly exchange ratification instruments of the dual nationality treaty signed in 1955, and appointed Peiping's ambassador in Djakarta as senior Chinese delegate to a committee to implement the treaty. Chen Yi made no other new proposals for settling the dispute, but implied Peiping's recognition of the necessity to "adjust the economic position of Overseas Chinese in Indonesia."

*OK*

India: As campaigning for the special election in Kerala State on 1 February gets under way, the anti-Communist parties together seem capable of defeating the Communists by a substantial margin. The "United Democratic Front" formed by the anti-Communist parties will deny the Communists their usual opportunity to win a disproportionate number of assembly seats by splitting the non-Communist vote. Disillusionment with the Communist party in Kerala as a result of its performance while in office and the reaction of Indian Communists to the Sino-Indian border dispute has also improved the prospects of the Congress party and its allies. However, communal antagonisms and latent personal rivalries among the anti-Communist forces could still narrow their margin of victory, and almost certainly will complicate efforts to form an effective coalition government following the election.

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Iraq-Iran: Iraqi military forces, including tank, artillery, and air force units, have been ordered to prepare for exercises with live ammunition in two areas along the Iranian border--near Khaniqin, 100 miles northeast of Baghdad, and along the Shatt al-Arab River near Basra. This move appears to be a reaction to [redacted]

[redacted] the arrival of Iranian reinforcements in the Abadan-Khorramshahr area. These exercises will add to the tension between Iran and Iraq and increase the likelihood of incidents between the opposing forces. [redacted]

[redacted]

### III. THE WEST

Brazil: One of President Kubitschek's principal advisers told the US Embassy last week that the Brazilian Government is greatly disturbed over the unrest and strikes being stirred up by Vice-President Goulart's Labor party and the Communists, and that immediate vigorous action is planned to block them. Ambassador Cabot feels that the Kubitschek government may be exaggerating the dangers of the situation and the extent of Labor party and Communist agitation, but the ambassador considers the situation so "nervous" as a result of food shortages and rising living costs that a leftist uprising or a coup would "not be altogether surprising." [redacted]

[redacted]

### LATE ITEM

\*Laos: [The young reformist group--the Committee for the Defense of National Interests (CDNI)--and Premier Phoui continue to maneuver for political advantage. Following the presentation of demands by the CDNI on 26 December, Phoui has agreed to ask the King's approval to allow the present government to resign and be reappointed in a caretaker status. This action would accept the CDNI argument that the present regime is unconstitutional. The CDNI would not participate in the government, but would play an influential role in preparing for future elections. However, the outcome of even this temporary compromise proposal depends largely on the King's attitude, and the basic political dispute must be regarded as still unresolved.] [redacted]

[redacted]

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## I. THE COMMUNIST BLOC

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## II. ASIA-AFRICA

### Mid-Term Election Prospects in India's Kerala State Favor The Anti-Communist Front

As campaigning for the special election in Kerala State on 1 February gets under way, the anti-Communist parties together seem capable of defeating the Communists by a substantial margin. The elections will be held under President's Rule, imposed when the Communist state government was dismissed on 31 July.

The expensive lessons learned by Congress and Socialist party politicians following their defeat in the 1957 elections apparently are paying dividends. Congress leaders have taken firm steps to recondition the party and correct the chronic weaknesses that permitted the Communists to come to power. Congress election workers for the first time are organizing down to the precinct level. In addition, the apparently firm agreement establishing a "United Democratic Front"--under which leaders of the Congress party, the Praja Socialists, and the Moslem League have allocated the constituencies each group will contest--denies the Communists their previous opportunity to win a disproportionate number of seats by splitting the non-Communist vote. The anti-Communist front will also benefit from active support of the Hindu and Christian communal organizations which led the successful agitation against the Communist government last summer.

Widespread disillusionment with the Communist party in Kerala has been the main factor in improving its opponents' prospects. The reputation of the party, already seriously damaged by its policies while in office, has been further downgraded as a result of its national leadership's "unpatriotic" reaction to the India-China border dispute.

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The Communists, however, are not likely to be routed. They remain the best organized and best financed group in Kerala. Party workers have been propagandizing vigorously since August, and already have an impressive campaign apparatus in the field. Moreover, the personal rivalries and communal antagonisms traditional in Kerala politics lie just beneath the surface of the "united" democratic front. These weaknesses could still narrow the margin of victory for anti-Communist elements and almost certainly will complicate the problem of forming an effective coalition government after the elections.



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The Vice President

Executive Offices of the White House

Special Assistant for National Security Affairs

Scientific Adviser to the President

Director of the Budget

Director, Office of Defense and Civilian Mobilization

Director, National Aeronautics and Space Administration

Special Assistant for Security Operations Coordination

Chairman, Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Executive Secretary, National Security Council

**The Treasury Department**

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

The Deputy Under Secretary for Political Affairs

The Deputy Under Secretary for Administration

The Counselor

Director, International Cooperation Administration

The Director of Intelligence and Research

**The Department of Defense**

The Secretary of Defense

The Deputy Secretary of Defense

Assistant Secretary of Defense for International Security Affairs

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Chairman, The Joint Chiefs of Staff

Commandant, United States Marine Corps

The Director, The Joint Staff

Chief of Staff, United States Army

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Assistant to Secretary of Defense for Special Operations

Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of Army

Director of Naval Intelligence, Department of Navy

Assistant Chief of Staff, Intelligence, Department of the Air Force

Supreme Allied Commander, Europe

Commander in Chief, Pacific

**The Department of Commerce**

The Secretary of Commerce

**Federal Bureau of Investigation**

The Director

**Atomic Energy Commission**

The Chairman

**National Security Agency**

The Director

**National Indications Center**

The Director

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