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CENTRAL INTELLIGENCE BULLETIN

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3 DECEMBER 1959

I. THE COMMUNIST BLOC

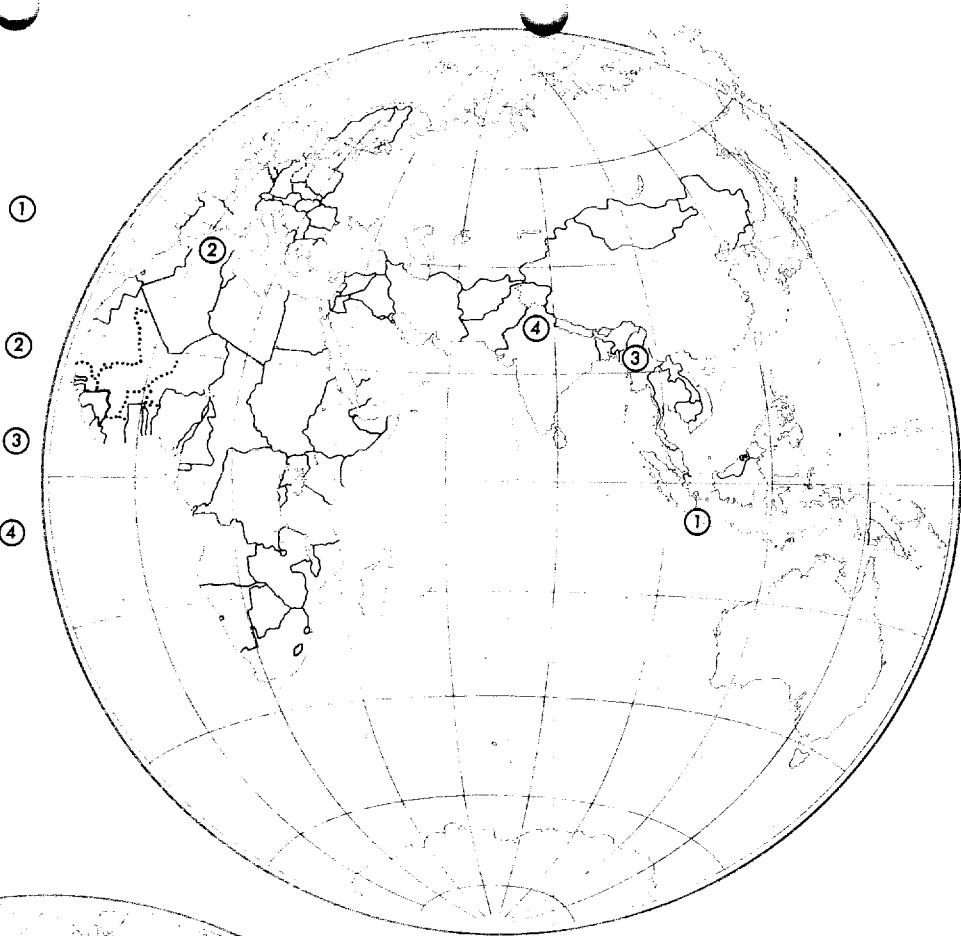
Indonesia--New note from Peiping reported.

II. ASIA-AFRICA

Algerian rebels willing to begin negotiations with France in mid-December.

Burma--Former Premier Nu's followers achieve sweeping victories in municipal elections.

India needs more money to finance current Five-Year Plan which extends into 1961.

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CENTRAL INTELLIGENCE BULLETIN

3 December 1959

DAILY BRIEF

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I. THE COMMUNIST BLOC

Communist China - Indonesia: [The latest Chinese Communist note to Djakarta is reported to have rejected charges of interference in Indonesian internal affairs and reiterated Peiping's determination to see that rights of Chinese nationals are respected. The note, however, is said to have stated that Communist China still plans to send a technical mission to discuss problems arising from Indonesia's treatment of Overseas Chinese and that Foreign Minister Chen Yi would visit Djakarta following the mission's return. Peiping had earlier implied that the technical mission's discussions would be meaningless, since Indonesia had already started to remove Chinese merchants from rural areas.]

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II. ASIA-AFRICA

Algeria: [The rebels are willing to begin negotiations with France in mid-December, following the current UN debate on Algeria and a meeting of the rebels' Revolutionary Council, according to a senior rebel official. The Algerian's recent nomination of five imprisoned leaders to negotiate with De Gaulle was not final, and that a revised Algerian delegation would probably be named later this month to take care of French objections. He added that the rebels had no desire to weaken De Gaulle's position, and would be satisfied with a moderate UN Algerian resolution which would endorse the concept of a negotiated cease-fire.]

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*Notwithstanding the rebel commitment to conciliatory tactics, a considerable gulf exists between the French and the rebels, and Tunisian President Bourguiba continues to doubt whether De Gaulle can go further in clarifying his self-determination proposals.

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Watch Committee Conclusions: [Situations susceptible of direct exploitation by Sino-Soviet bloc action which would jeopardize US interests exist in Laos and in the Middle East particularly in Iraq. Although situations in Laos and Iraq appear relatively quiet at the present, there are many elements of continuing danger in both countries.]

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Burma: The sweeping municipal election victories of former Premier Nu's political followers may soon force Burmese Army leaders to make a firm decision regarding the national elections scheduled for early 1960. The Nu party has achieved victories in seven of eight municipalities, including a sweep of all 35 council seats in Mandalay, Burma's second largest city. This presents the army with the alternatives of risking Nu's return to power, intervening vigorously for Nu's opponents in the national elections, or canceling the elections.

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India: Finance Minister Desai estimates that India will need approximately \$294,000,000 in additional foreign aid to finance the remainder of the Second Five-Year Plan (1956-61). This much foreign exchange will be required to meet the payments falling due in 1960-61 on foreign debts and current imports which together will exceed India's expected earnings plus foreign aid already provided. About half this amount is likely to be covered by credits anticipated from the World Bank, Britain, West Germany, and Canada. Desai intends to open negotiations with these creditors and with US officials early in 1960 on aid for 1960-61. The foreign exchange deficit for India's Third Five-Year Plan (1961-66), now being drafted, probably will exceed \$1 billion a year. Desai recently reported to Parliament that prospects for foreign assistance for the Third Plan were "good," although it was too early to say whether the aid would be adequate.

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Peiping Attempts to Ease Strains in Relations With Djakarta

[Peiping's latest note to Djakarta is reported to have rejected charges of interference in Indonesian internal affairs and to have expressed determination to see that the rights of Chinese nationals in Indonesia are respected. The moderate tone of the note, however, suggests that Peiping hopes to forestall any further worsening of relations.]

[In a gesture of conciliation, Peiping affirmed its readiness to send a technical mission to discuss problems arising from Djakarta's treatment of Overseas Chinese. This mission was agreed to during Indonesian Foreign Minister Subandrio's trip to Communist China in October but apparently had been called off by Peiping when Indonesia began the removal of Chinese from rural areas before the talks could take place.]

[The Chinese note also revived the idea of a visit by Foreign Minister Chen Yi, which had been mentioned in the joint communiqué at the conclusion of Subandrio's visit. Chen, the note said, would go to Indonesia after the technical mission's return.]

The Indonesian Government is proceeding with implementation of the ban and continues to insist that the Chinese Embassy desist from interference.

[the retail businesses affected by the ban must be closed by 1 January 1960 "at the latest."]

[compensation would be extended in the form of cash or a one-year loan, and that, when possible, staffs of closed businesses are to join the succeeding Indonesian ones. Aliens need not be resettled unless the area army commander requires their move in the interest of security. Military authorities on 28 November declared Djakarta closed to further alien immigration "in the interests of public order and security."]

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II. ASIA-AFRICA

Burmese Army Concerned by Domestic Political Developments

The decisive local election victories of former Premier Nu's "Clean" faction of the Anti-Fascist People's Freedom League (AFPFL), Burma's governing party until 1958, will force the army, which now rules the country, to decide soon whether to risk a "Clean" victory in the national elections scheduled for early next year and the return of Nu to the premiership, to intervene vigorously in the national elections themselves, or to cancel the elections. Despite the army's known preference for former Premier Ba Swe and his "Stable" faction of the AFPFL, Nu's followers have won overwhelmingly in seven of the eight municipal council elections held thus far, capping their victories by winning all 35 seats in Mandalay, Burma's second largest city.

Leaders of the "Stable" faction have discounted these victories, claiming that their own strength rests in the rural districts which will provide 227 of the 250 members in Burma's lower house of parliament, the Chamber of Deputies. Nevertheless, the decisive nature of Nu's victories, particularly in Mandalay, where his faction won even more decisively than the united AFPFL had in the past, has seriously undermined the "Stable" group's confidence and could cause rural voters to climb on Nu's bandwagon.

Army leadership is still divided on the proper course of action. Ne Win would probably be reluctant to cancel the elections, to which he is publicly committed, but he might sanction army intervention. Ne Win has no respect for Nu's administrative abilities and little faith in his integrity because of his opportunistic association with the pro-Communist National United Front in 1959.

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