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22 October 1959

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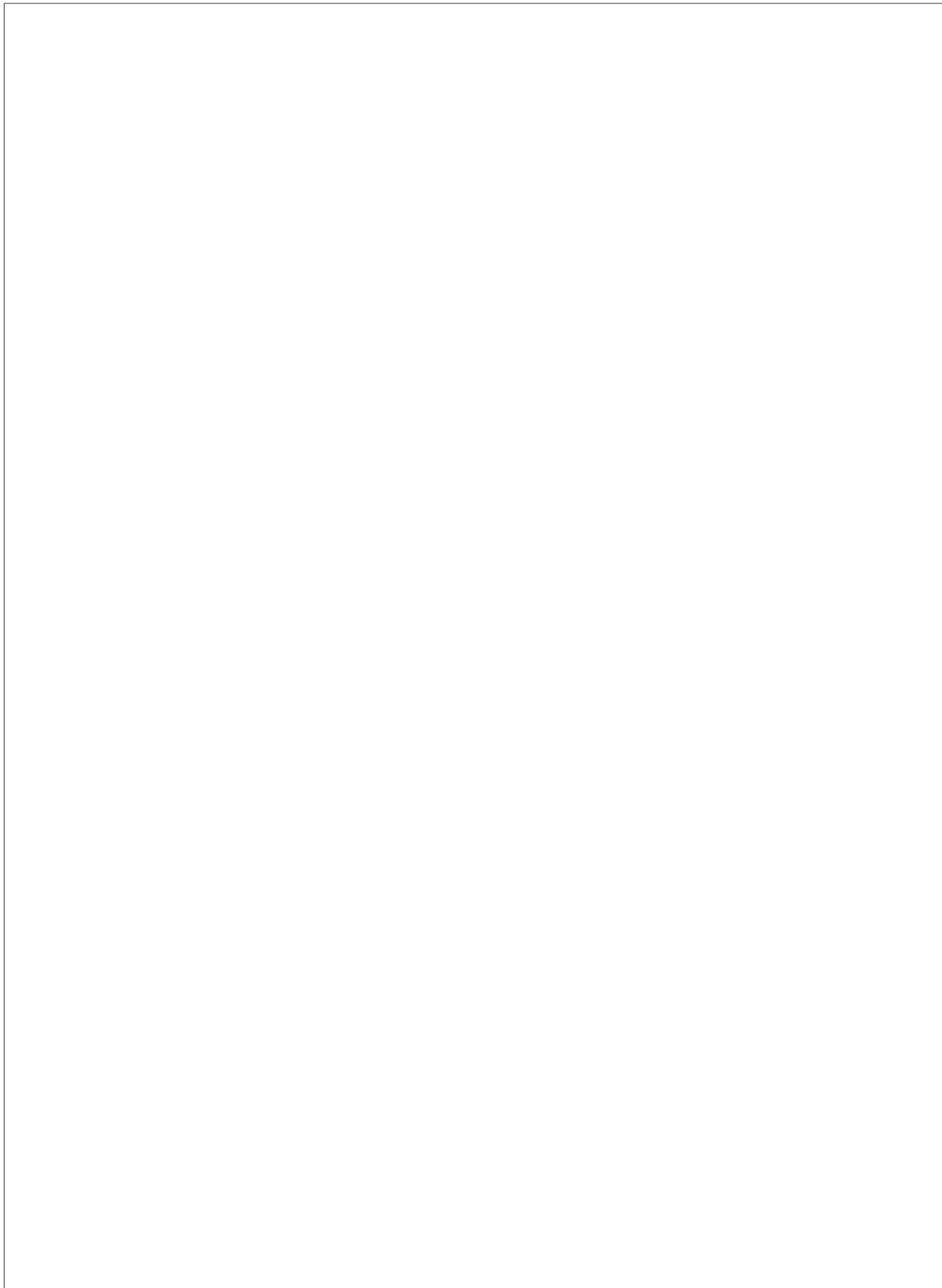
CENTRAL INTELLIGENCE BULLETIN



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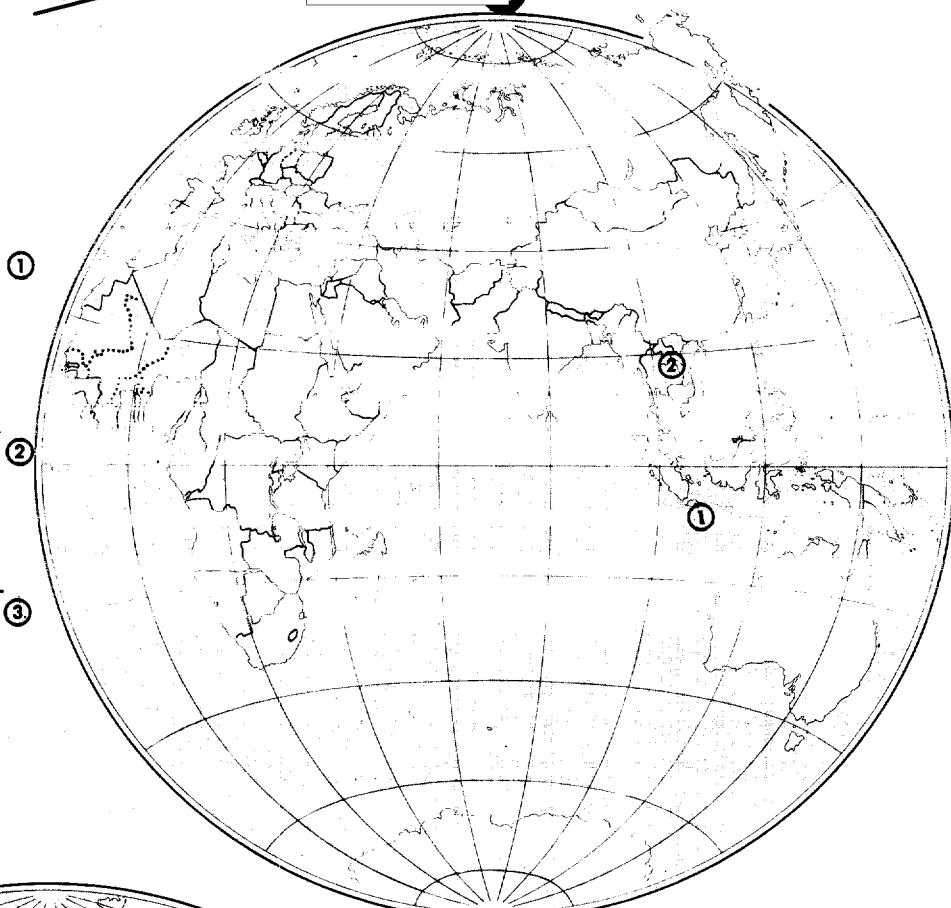
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22 OCTOBER 1959

I. THE COMMUNIST BLOC

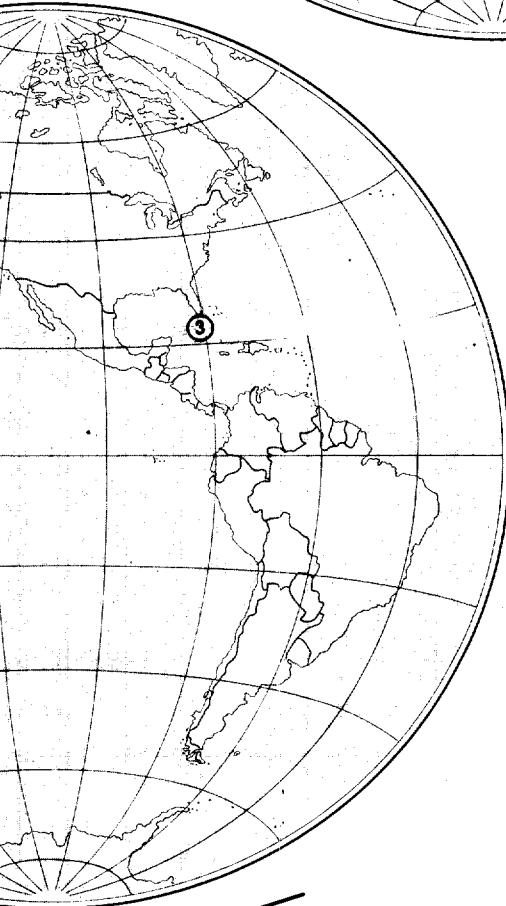
Chou En-lai hints economic retaliation over Indonesian plan to force Overseas Chinese merchants out of rural areas.

**II. ASIA-AFRICA**

Laos--Government to try imprisoned pro-Communist leaders; Hammarskjold believes Moscow will abide by establishment of UN "presence" in Laos.

III. THE WEST

Cuba--Military commander of Camaguey Province arrested and charged with treason.

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CENTRAL INTELLIGENCE BULLETIN

22 October 1959

DAILY BRIEF

SIR AB

I. THE COMMUNIST BLOC

Communist China - Indonesia: Chinese Communist Premier Chou En-lai has hinted at economic retaliation, both by Peiping and by Overseas Chinese in Indonesia, in an effort to force Djakarta to "delay" on plans to force Overseas Chinese merchants out of rural areas.

During Subandrio's recent discussions in Peiping, Chou made "subtle threats" that China could obtain raw materials through Singapore rather than from Indonesia. Although this is in fact an insignificant threat in view of China's relatively small purchases from Indonesia, Peiping could stall on implementing economic aid and withdraw offers of military aid.

Subandrio's strong impressions of Communist China's growing industrial and military power reinforced his view that Indonesia must follow a policy of nonalignment.

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II. ASIA-AFRICA

Laos: The government's trial of Prince Souphanouvong and other imprisoned pro-Communist leaders, which will begin next week, will intensify antigovernment sentiment in the country and be taken by Hanoi as a further provocation in violation of the Geneva truce. These leaders have been under arrest since July, when the present Communist rebellion began, and their control of the pro-Communist movement presumably has long since passed to those who went underground at that time.

UN Secretary General Hammarskjold remains confident that the USSR will go along with his idea of establishing a UN representative in Laos with the tacit consent of the Security Council. He

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[believes Moscow will want to avoid a formal vote since a UN presence would be established in Laos whether the USSR liked it or not.] [] (Page 2)

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.]

Laos: [Dissident activity has remained at a low level. This activity may increase in intensity, however, if the Lao Government carries out its announced plan to put Neo Lao Hak Zat leaders on public trial. Direct North Vietnamese military intervention is not likely in the immediate future]

Middle East: [Although order has been maintained, the situation in Iraq remains tense. With the approaching trials of Qasim's alleged attackers and the anticipated release of Qasim from the hospital, the possibility of further assassination attempts or coups is increased. In these circumstances, the IIAR may become more deeply involved.] []

NO

III. THE WEST

Cuba: The resignation on 20 October and subsequent arrest of popular provincial military commander Huber Matos was apparently caused by his opposition to Prime Minister Fidel Castro's support of increasingly powerful extremists, led by Raul Castro and "Che" Guevara, in the Cuban Government. The prime minister flew to Camaguey to supervise the arrest of Matos, one of his most trusted associates during the fight to oust Batista. Matos has been accused of "high treason against the revolution" and may be made an object lesson to warn others against taking such a stand.

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Peiping Threatens Economic Retaliation for Indonesian Treatment of Overseas Chinese

During Indonesian Foreign Minister Subandrio's recent visit to Peiping, Premier Chou En-lai emphasized by hints of economic retaliation Chinese Communist opposition to Indonesian plans to remove Overseas Chinese merchants from rural areas.

Chou made "subtle threats" that China could obtain all raw materials through Singapore, implying a curtailment of rubber purchases. In the current favorable world market for rubber this was an empty threat, since China purchases less than 5 percent of Indonesia's rubber exports. However, Peiping could stall on implementing economic aid and withdraw offers of military aid.

Foreign Minister Chen Yi, who apparently was assigned the task of presenting a more conciliatory line, said that Indonesia would be making a "great mistake" in dispossessing the Chinese, because of the economic dislocation which would result. He stated that the merchants might attempt to continue an illicit business through smuggling and hoarding, difficulties which China had experienced with its own "capitalists."

Subandrio's remarks after leaving Peiping indicate that he was considerably impressed by Communist China's growing industrial and military power. This impression apparently strengthened his views that smaller Asian nations should pursue a policy of neutrality. In Manila, according to the Philippine Foreign Ministry, he endeavored to persuade President Garcia to change Manila's hostile policy toward Communist China.

Peiping, which feels constrained to pose as the champion of all Overseas Chinese, nevertheless hesitates to impair permanently its hitherto good relations with Indonesia. It has asked for delay in implementation of the Indonesian program and compensation for dispossessed Chinese. Subandrio, however, has made no commitment.

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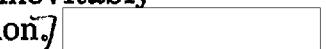
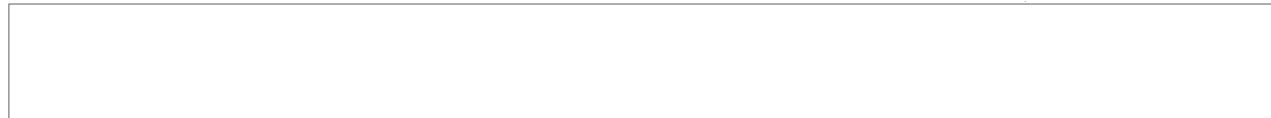
II. ASIA-AFRICA

Situation in Laos

The Laotian Government's trial of Prince Souphanouvong and other leaders of the pro-Communist Neo Lao Hak Zat (NLHZ), beginning on 26 October, may make them martyrs in the eyes of the population and provoke a sharp reaction from North Vietnam and possibly other bloc countries. Souphanouvong and his colleagues have been under arrest since July, when the current Communist rebellion began. The Communists will view the trials as a further violation of the Geneva truce. Souphanouvong and another NLHZ leader served in the short-lived coalition government formed in implementation of the 1957 unification accord, which had been called for by the Geneva agreements.

Charged with crimes against the security of the state, the defendants could receive the death sentence. The American Embassy expects judgments to be handed down late next month.

[UN Secretary General Hammarskjold, meanwhile, remains confident that the USSR will go along with his idea of establishing a UN presence in Laos under his administrative authority with the tacit consent of the Security Council. He plans to tell Soviet First Deputy Minister Kuznetsov bluntly, "You will get a UN presence in Laos whether you like it or not. Which way do you want it; the quiet way without a formal council vote or after a veto and full acrimonious debate in the General Assembly?" Hammarskjold believes that a UN presence developed without acrimony and without Soviet opposition would be more manageable. This procedure would also avoid some of the "political delicacies" that inevitably result from a UN action achieved despite Soviet opposition.]




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III. THE WEST

Opposition Within Castro Government

Strong opposition has evidently been aroused among some of Fidel Castro's trusted officials by his support of leftists and pro-Communists in the Cuban Government. The resignation this week of Camaguey provincial military governor Huber Matos, one of Castro's most respected lieutenants during the fight against Batista, is reliably reported to have been due to his conviction that extremists led by Raul Castro and "Che" Guevara are now firmly in control of the Castro regime. There have been reports of dissatisfaction over Communist influence by other provincial officials, but this is the first instance of a public stand by such a popular figure.

The prime minister reacted violently to the resignation, flying to Camaguey on 21 October to supervise personally Matos' arrest on charges of high treason and to arouse the peasants. [redacted]

[redacted] Matos believes he will be maligned like other officials whose criticisms have infuriated Castro. In the latter's present violent mood, he may make Matos an object lesson for other, less outspoken critics of his actions. The prime minister appeared to be in a highly emotional and aggressive state during an unexpected speech on 19 October when he again lashed out against alleged opponents of the revolution in a strongly anti-US speech. He vehemently endorsed Raul Castro and "Che" Guevara as true exponents whom he relied upon to carry on the revolution, "whatever happens." [redacted]
[redacted]

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Executive Offices of the White House

Special Assistant for National Security Affairs

Scientific Adviser to the President

Director of the Budget

Office of Defense and Civilian Mobilization

Director, National Aeronautics and Space Administration

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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

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The Director of Intelligence and Research

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Commandant, United States Marine Corps

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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

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