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7 October 1959

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# CENTRAL INTELLIGENCE BULLETIN



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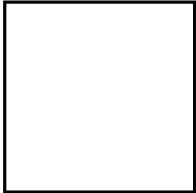
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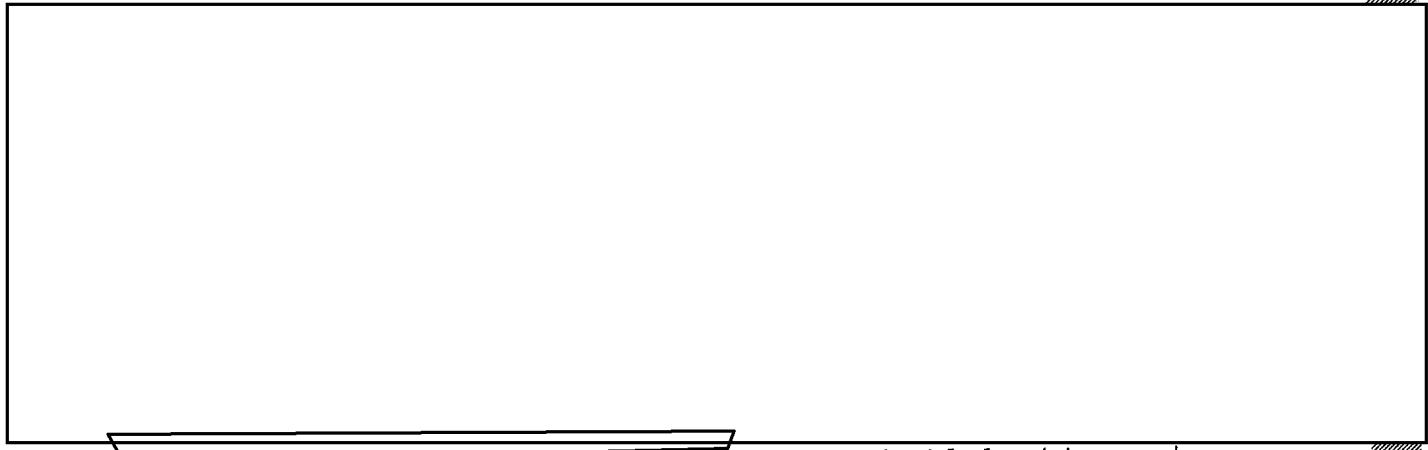
### DAILY BRIEF



#### I. THE COMMUNIST BLOC

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#### II. ASIA-AFRICA



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"UAR-Jordan: Jordan's King Husayn has decided not to meet UAR President Nasir at a tripartite conference which King Saud has been trying to arrange since his early September talks with Nasir in Cairo. Husayn's decision resulted from a new propaganda battle between Cairo and Amman radios on the subject of resistance to Communism--a controversy which has arrested the recent trend toward a detente between the UAR and Jordan. Jordanian broadcasts commenting on UAR efforts to rally the Arab world against Communism had charged that it was the UAR which initially "opened the door" to Communism in the Middle East. Cairo's Voice of the Arabs replied on 3 October by referring to Jordan as an "opportunist" following "orders of imperialists" who are aligned with Communists against Arab nationalism." 25X1

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*ND* Yemen: [The director general of the Yemeni Foreign Ministry told the American chargé on 3 October that the Yemeni treasury is "virtually empty," and requested urgent American assistance] The chargé reports the consensus of Western representatives in Taiz that Yemen is approaching bankruptcy and that the Imam's dominant position will be endangered unless the government can soon find an estimated \$3,000,000 to \$5,000,000 to tide it over. The Yemeni director general will be visiting Moscow this month, at which time the USSR may seek to bolster its influence in Yemen by offering economic assistance.

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*ND* India: [Prime Minister Nehru told Ambassador Bunker on 24 September that the immediate cause of the Sino-Indian border problem is Peiping's irritation over India's treatment of the Dalai Lama, but that eventually there would have been trouble over the border anyway. Nehru said the Chinese have always had an "aggressive nature," which manifests itself particularly when the Chinese feel powerful as a nation, and that they consider Indians to be "second class."]

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*ND* Indonesia: [Chinese Communist pressures on the Indonesian Government to repeal a decree banning foreign retail merchants in rural areas of Indonesia have been "terrific," according to Foreign Minister Subandrio. The Chinese ambassador has argued the issue heatedly with Subandrio, and leaders of the Chinese Communist community have threatened to bring down the government by economic retaliation. Sukarno is reported to have been shocked by the unfriendly Chinese attitude.]

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### III. THE WEST

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Ecuador:

*ND* [ ] Guayaquil  
is the stronghold of opposition elements and a center of economic unrest, which the Communists are attempting to exploit with new

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aggressive tactics. The city, Ecuador's largest, displayed hostility toward Ponce during his last visit there in July. In June it was the scene of extensive violence which threatened the stability 25X1 of his government. [redacted]

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Panama: Chronic dissatisfaction with the traditional ruling oligarchy in Panama resulted in a "hunger march" on the capital on 5 October. Hundreds of unemployed workers and other disgruntled groups took part in a demonstration to demand enactment of economic relief measures by the newly convened National Assembly. [redacted]

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## I. THE COMMUNIST BLOC

## II. ASIA-AFRICA

### Indonesia Under Strong Chinese Communist Pressure to Repeal Anti-Chinese Measure

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[Immediately before his departure for Peiping on 4 October, Foreign Minister Subandrio informed the American ambassador that Communist China was exerting "terrific" pressure for repeal of an Indonesian decree requiring withdrawal of alien merchants from rural areas. He said the Chinese Communist ambassador in Djakarta would not even listen to Indonesian explanations of the measure. Leaders of the Chinese community in Indonesia have threatened to raise prices to such a level that popular feeling may force the cabinet to resign. In order to increase pressure on Djakarta to rescind or postpone carrying out the decree, Peiping may hint to Subandrio that it might slow up its economic aid to Indonesia, as well as withdraw offers of military aid.]

[Subandrio stated that regardless of Chinese pressures, he would stand firm in his talks in Peiping. Although Indonesia does not desire a "showdown" with Communist China, it is prepared for one if necessary. Subandrio stated that he has President Sukarno's strong support in the position he is taking, and that Sukarno had been shocked by the Chinese Communist attitude.]

[Subandrio plans to explain to Peiping that the current measure is a phase of Indonesia's "socialization" program. Djakarta apparently hopes to turn alien retail trade in rural areas over to independent Indonesian nationals or to the Indonesian cooperative movement. Theoretically this change would end the usurious hold of the Chinese shopkeeper on the Indonesian peasant and would strengthen the economic role of the Indonesian business class.]

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### III. THE WEST

#### Violence May Spread in Ecuador

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Guayaquil, Ecuador's largest city, is the stronghold of opposition elements and a center of explosive labor and economic unrest which the Communists are attempting to exploit with aggressive new tactics. The Third-of-June Youth Movement, controlled by Communists and including the youth of two leftist parties, is being used to foment unrest designed to unseat Ponce, disrupt the 11th Inter-American Conference scheduled for Quito in February 1960, and block a possible meeting of American presidents in Guayaquil after the conference. The movement was behind the 1 October riots and is planning demonstrations for 9 October.

Extensive violence in Guayaquil in early June posed the most serious threat to Ponce since his election by a slim plurality in 1956. The city also displayed a deep hostility toward him during his last visit there in July.

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[The armed forces, which are believed capable of maintaining order, have canceled invitations to foreign military attachés to attend the 9 October ceremonies, and the local commander reportedly has requested the imposition of martial law.]

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Panamanian Hunger March Indicative of Social Unrest

The "hunger march" on the Panamanian capital on 5 October by hundreds of unemployed Colon workers and other disgruntled groups was an expression of deep-seated popular resentment against the economic policies of the Panamanian Government. The purpose of the march, led by Colon labor leader Andres Galvan, was to demand the immediate enactment of unemployment relief measures and a minimum wage law by the newly convened National Assembly.

The 50-mile trek to the capital was undertaken by about 600 persons, whose ranks were swelled to approximately 1,000 by the time the orderly procession reached the Legislative Palace. When the National Assembly adjourned for lack of a quorum, marchers occupied the legislative chambers and demonstration leader Galvan exhorted the self-styled "people's deputies" not to budge until the government enacted the desired legislation. Two and a half hours later National Guardsmen using tear gas ejected the demonstrators and arrested Galvan and other leaders.

Unless immediate measures are taken to improve the economic situation of Panama's lower and middle classes, further disorders are likely. President de la Guardia frankly acknowledged in his 1 October state-of-the-nation address that Panama currently lacks the economic means to support a rapidly increasing population. With the approach of the May 1960 presidential election, dissident politicians are likely to exploit popular grievances.

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The Secretary of State

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The Under Secretary of State for Economic Affairs

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The Deputy Under Secretary for Administration

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Commandant, United States Marine Corps

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