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22 December 1958



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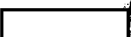
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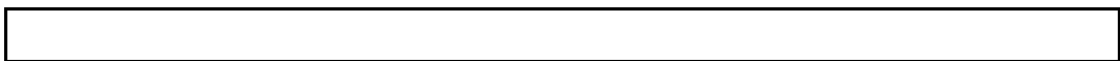
INTELLIGENCE

BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

22 December 1958

DAILY BRIEF

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I. THE COMMUNIST BLOC

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Syria: The Syrian economy, badly shaken by the aftereffects of last summer's Lebanese crises and more recently by the UAR Government's land reform program, is experiencing a severe flight of capital. In an effort to restore confidence, the government has appealed to the people to ignore rumors "spread by evil-minded people." This announcement, however, probably will have the effect of increasing the demand for foreign currencies. [redacted] 25X1

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*Yemen: The ailing Imam of Yemen--target of recurrent plotting--reportedly died on 15 December of undetermined causes, [redacted] 25X1

[redacted] Men of Crown Prince Badr's bodyguard

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are said to have begun to arrest officials opposed to the Prince. Badr reportedly intends to suppress word of the Imam's death until he has made sufficient arrests to intimidate those who oppose his succession. [redacted]

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[redacted] but if it is true, serious unrest would probably follow in Yemen.

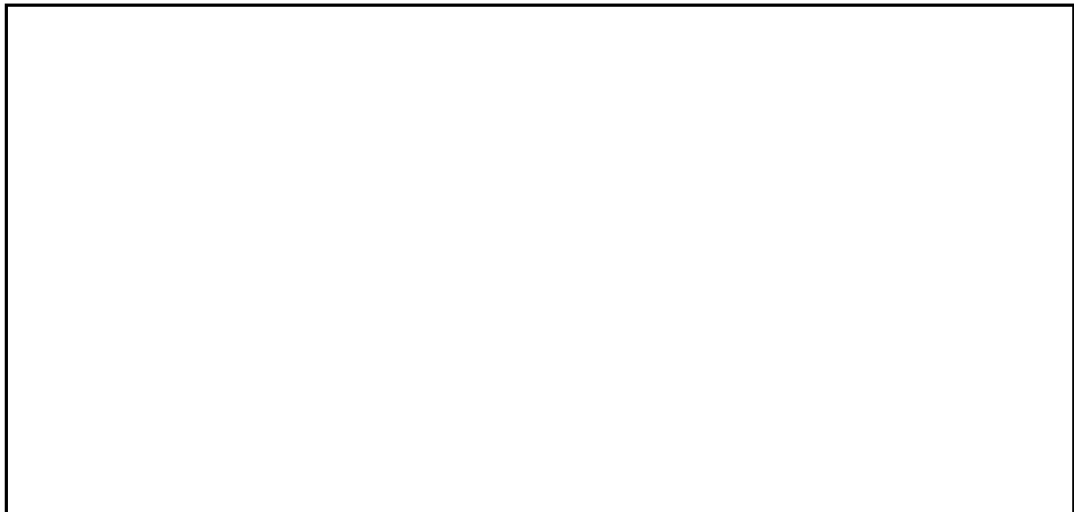
Crown Prince Badr, who has sought to strengthen his position by promoting close relations with the UAR and the Sino-Soviet bloc, has not been friendly to the US. [redacted]

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III. THE WEST

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Syrian Economic Situation

There has been a heavy flight of capital from Syria, whose economy was badly shaken by the economic effects of last summer's Lebanese crises and more recently by the UAR Government's land reform program. Syrian Central Bank foreign exchange holdings, which fell 70 percent from January to July, are now apparently at the lowest level since 1951. In an effort to restore confidence in the currency, the Ministry of Economy issued a communiqué castigating "rumors spread by evil-minded people which have led people to rush to purchase foreign currency on the free market." The announcement probably will have the effect, however, of stimulating further sales of Syrian pounds for stable Western currencies. The government's announcement admitting the existence of the exchange drain indicates the Syrian authorities view the situation as extremely serious.

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[redacted] currency transfers already have exceeded the level reached during the Suez crisis. In Aleppo, the center of Syrian business life, the middle class and the business community are attempting to salvage what remains of their personal fortunes by converting assets and sending them out of the country.

Unemployment also apparently is reaching record proportions, although reliable statistics are lacking. In recent weeks, business firms and government organizations posting job openings have been deluged by thousands of applicants for each vacancy.

A poor agricultural crop and large unsold stocks of cotton have contributed to the general economic stagnation. An impending reform, unifying Syrian and Egyptian currency, is further dampening economic activity. While the situation has not yet reached crisis proportions, implementation of the land reforms and the approach of the currency union could result in harsh restrictive government controls over Syria's heretofore free-enterprise economy. The result could well be a rapid proliferation of government management at all levels of economic activity. [redacted]

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[redacted]

[redacted]

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