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25 November 1959

CURRENT INTELLIGENCE WEEKLY SUMMARY

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PART II (continued)

SINO-INDONESIAN TENSION Page 5

President Sukarno has emphasized to the Chinese Communist ambassador Djakarta's firm intent, despite Peiping's objections, to implement the decree banning alien retailers in rural areas of Indonesia. Confronted with Djakarta's determination, Peiping may eventually seek only to prevent a recurrence of forced evacuations and to secure fair compensation for dispossessed Chinese.

[redacted] (b)(3)

LAOS Page 5

UN Secretary General Hammarskjold's recent talks with Laotian officials suggest that he still favors some type of negotiated settlement or at least some gesture by Vientiane toward the Communist bloc which would emphasize Laotian neutrality. The British Foreign Office also continues to incline toward negotiations between Laos and its Communist neighbors, and Foreign Secretary Lloyd has reiterated in Parliament the government's desire for a neutral Laos. Laotian officials, however, remain opposed to any talks involving a gesture toward the Communist bloc.

[redacted] (b)(3)

CEYLONESE GOVERNMENT APPEARS SHORT-LIVED Page 6

The Dahanayake government's chances of surviving the Ceylonese parliamentary session have been seriously jeopardized by recent events further implicating government officials in the late Prime Minister Bandaranaike's assassination. Dahanayake, and several other cabinet ministers face early no-confidence motions, and the prime minister has publicly conceded that his government may soon be ousted. Political leaders differ concerning the preferable course of action in the event the government falls, and it is not clear whether there would be a realignment or a call for new elections.

[redacted] (b)(3)

NUCLEAR TEST CESSATION TALKS Page 8

Soviet tactics in the new technical talks on the detection of underground tests which opened on 25 November will probably be aimed principally at reinforcing the USSR's demands for a complete cessation of tests with a control system as recommended in the 1958 Geneva experts' report. The Soviet delegate to the political conference, who had proposed the technical talks on 3 November, stalled until 24 November before agreeing to a US compromise proposal for a directive to guide the experts. He apparently hoped to induce the Western powers to make further concessions which would have downgraded the importance of the new US data in the technical discussions.

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Hammarskjold plans to devise an over-all economic development scheme based on the economic survey now being conducted in Laos by his personal representative, Sakari Tuomioja. The proposed projects would be financed by contributions from UN members. Laotian officials, however, fear this would involve Laotian acceptance of economic assistance from the Sino-Soviet bloc, thus opening the country to Communist agents.

Laotian Government leaders apparently consider it essential for internal political reasons that the trial be held, although they have indicated some flexibility on the question of timing. A national congress will probably convene in December to consider ways and means of getting around the constitutional difficulties posed by the expiration of the life of the National Assembly on 25 December. The government apparently is anxious to have the trial at least under way by then in order to prevent pro-Communist deputies, who are among those to be tried, from using the congress as a propaganda sounding board.

The British Foreign Office also continues to incline toward negotiations between Laos and its Communist neighbors, and Foreign Secretary Lloyd has reiterated in Parliament the government's desire for a neutral Laos. London's recent rejection of the Soviet proposal for an international conference on Laos may be subjected to a more searching attack by the Labor party.

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Small-scale skirmishing between Laotian Army elements and Communist insurgents reportedly continues at widely scattered points throughout the country. The insurgents presumably are concentrating their efforts at this stage on organizing opposition to the government at the village level.

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CEYLONESE GOVERNMENT APPEARS SHORT-LIVED

The Dahanayake government's chances of surviving the Ceylonese parliamentary session which began on 24 November have been seriously jeopardized by developments which further implicate leading officials in the late Prime Minister Bandaranaike's assassination. Opposition parties plan to introduce no-confidence motions against at least one cabinet minister on 27 No-

vember and against Prime Minister Dahanayake the following week. Dahanayake has stated that he would consider a vote of no confidence by any government member as applying to the entire government and has publicly conceded that his government may soon be ousted.

Despite the lack of firm evidence, the Ceylonese public

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may regard the conspiracy rumors as verified by the recent arrests of Finance Minister de Zoysa's brother and of a former cabinet minister closely associated with a ruling party official suspected of having planned the assassination. The finance minister's resignation on 22 November may also be interpreted locally as tacit admission of his indirect involvement.

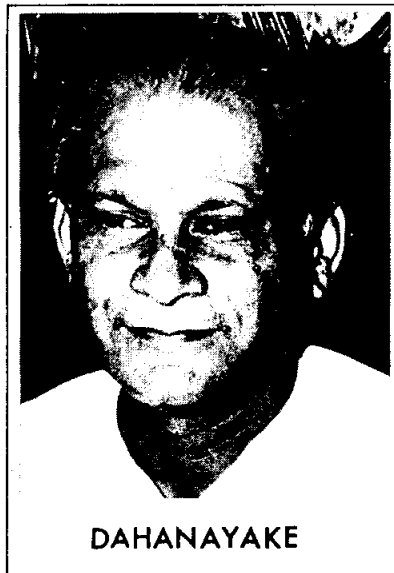
_____ voted to expel De Zoysa following his resignation, thereby technically depriving the government of its one-man majority in Parliament. Dahanayake may temporarily retain a plurality of votes against the diverse opposition elements. However, to defeat the no-confidence motions, his government would require both the support of all its members, including dissident elements and six appointees, as well as several opposition abstentions. Furthermore, the ruling party's executive committee apparently has agreed to expel all members



SENANAYAKE

who are "close associates" of persons arrested in connection with the assassination case, which could further reduce government ranks.

Political leaders differ concerning the course of action



DAHANAYAKE

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in the event the government falls. Governor General Goonetilleke, who fears the government's collapse but hopes to avoid early elections, has tried to sound out United National party (UNP) leader Dudley Senanayake on forming an interim government from the present Parliament. Senanayake, however, apparently would favor dissolution of Parliament and the scheduling of new elections; Dahanayake and Trotskyite opposition leader N. M. Perera have publicly advocated this course.

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