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5 June 1952

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CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

This digest of significant reports has been prepared primarily for the internal use of the Central Intelligence Agency. It does not represent a complete coverage of all current reports received. Comments represent the immediate views of the Office of Current Intelligence.

State Dept., ONI, Treasury, USAF reviews completed

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SOVIET UNION

1. Georgian party Secretary removed: On 25 May, Zarya Vostoka announced the removal of Kvirkveliya, Secretary of the Georgian Communist Party, after five months in the post. He has been replaced by V. I. Melkadze. [REDACTED]

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Comment: The purge of party and government officials in Georgia still continues. Kvirkveliya, who was appointed to deal with the corruption problem, was probably judged unsatisfactory.

In the last six months, virtually the entire Georgian party leadership in important positions has been replaced. Only the Second Secretary of the Georgian Central Committee and one Secretary of the Tbilisi city party remain in their posts.

EASTERN EUROPE

2. Czech military maneuvers may be on a larger scale than in recent years: The American Embassy in Prague reports that the Cisarsky Les maneuver area in western Bohemia appears to have been enlarged and that summer field training under way in the area may be on a bigger scale than in previous years.

Last week rumors cropped up in Czechoslovakia regarding an imminent mobilization call and the movement of Soviet units into the country. The American Ambassador attributes these rumors to "widespread dissatisfaction and resentment against the Communist regime plus wishful thinking and ... self pity."

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Comment: Annual Czech spring and summer field training has been under way since 1 March and is expected to continue at least until 1 July. Last year's maneuvers, which reached division level, were reported to be unsatisfactory to Soviet military observers. This year's field training is reported to have started earlier than usual in order to permit it to reach a higher level and to give more time for training.

Rumors of impending mobilization or hostilities normally increase during maneuver periods. The tension caused by Communist propaganda on the signing of the West German Contractual Agreement would contribute to further spreading of rumors.

3. Hungarian soldiers reveal low morale: Two Hungarian soldiers of peasant origin [redacted]

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[redacted] stated they were bitter against the Communist regime because it had deprived them of "their all." They further revealed that they were not issued arms until removed from the zone in which their relatives reside. Vegetable crops were virtually ruined and grain crops seriously undeveloped in eastern Hungary and in north central Hungary, according to the soldiers. [redacted]

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Comment: The denial of arms to Hungarian conscripts until they leave the zone where their relatives reside sheds light on the regime's estimate of the reliability of the Hungarian farm population. This report provides further confirmation of the previously reported serious crop damage in Hungary.

4. Hungarian press continues silent on Austro-Hungarian border incident: The US Legation in Budapest reports that the Hungarian press continues to be silent regarding the Austrian protest of a border violation allegedly committed on 15 May by Hungarian workmen, accompanied by State Security police. The Hungarians reportedly cut down trees on the Austrian side of the border, in order to prevent Hungarian escapees taking shelter from machine gun fire. The Austrian note presented on 28 May asserted that the Hungarian official in charge had promised restitution. [redacted]

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Comment: Incidents on the Austro-Hungarian border have been fairly common. The present occurrence, however, may prove more serious. An unconfirmed report of 26 May stated that Hungarian educators had been told during the previous

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weekend to de-emphasize German developments and watch the party press carefully for a "new line on Austria." This campaign has not yet materialized.

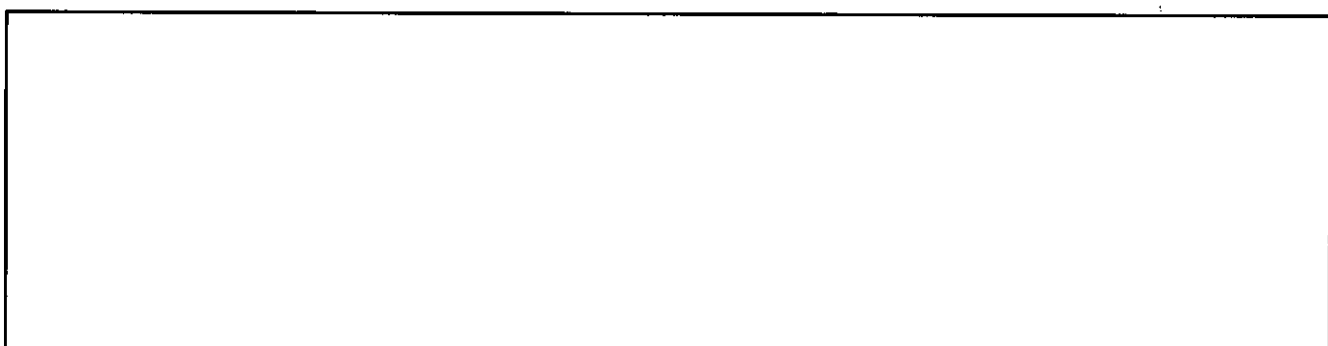
5. Diplomatic retaliations between Yugoslavia and Bulgaria sharpen: Yugoslavia has warned Bulgaria that "if the position of its diplomatic personnel in Sofia deteriorated Yugoslavia would initiate corresponding measures toward the Bulgarian diplomatic staff in Belgrade."

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Comment: This warning of reprisal constitutes an answer to the latest Bulgarian note of 22 May in which Sofia protested against "the unwarranted restrictions applied against officials and employees of the Bulgarian Embassy in Belgrade" and warned that a continuation of such action would provoke corresponding measures against Yugoslav diplomatic personnel.

Should there be further reprisals, one or both of the countries concerned might possibly recall its remaining diplomatic personnel.

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FAR EAST

7. Rhee able to prevent South Korean Assembly action:
American Charge Lightner reports that although President Rhee backed down on his 3 June threat to dissolve the Assembly, he is achieving the same result through the maintenance of martial law, the retention of the imprisoned Assemblymen, and threats of more arrests and violence to those Assemblymen who might come out of hiding to attend Assembly meetings.

The Speaker of the Assembly stated on 4 June that 11 members of the Assembly are under arrest, 20 are known to be in hiding, the 52 pro-Rhee members are under orders to boycott sessions, 83 members of the opposition are in attendance, and the whereabouts of the remaining 15 is unknown. A quorum of 92 is necessary to do business, and two thirds of the total number is necessary to elect the President. [redacted]

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Comment: A press report indicates that 93 Assemblymen were present on 5 June, a quorum being present for the first time since 2 June. A public statement by Rhee on 4 June indicated that he is deferring dissolution of the Assembly in the hopes that the legislators can "settle the issues."

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9. Communists may be experimenting with rocket-equipped MIG's: A UN F-51 pilot on 31 May, while observing two MIG-15's or Type-15's which were probably on a reconnaissance mission, stated that one of the enemy planes fired what appeared to be two rockets.

Fifth Air Force comments that this is the first observation of the possible use of rockets by MIG-type aircraft in Korea, and it is possible that the Communists are experimenting with rockets on such planes for use in a ground attack role. Far East Air Force states that the Russians have the capability of mounting such rockets on MIG's and that they are fully conscious of the advantages of this type of weapon in both an air-to-air and air-to-ground role.

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NEAR EAST - AFRICA

10. Greek Parliament adjourns until October: The first regular session of the present Greek Parliament was terminated on 2 June by royal decree in accordance with the constitution. Parliament will assemble for the next regular session on 15 October unless it is convoked sooner by the King. During the interim period, legislation will be enacted by legislative decrees issued by the King with the concurring opinion of the interim Parliamentary Legislative Committee provided for by the constitution.

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Comment: Adjournment of Parliament presumably will make opposition efforts to unseat the government even more difficult and, accordingly, increase the present government's chances of staying in power.

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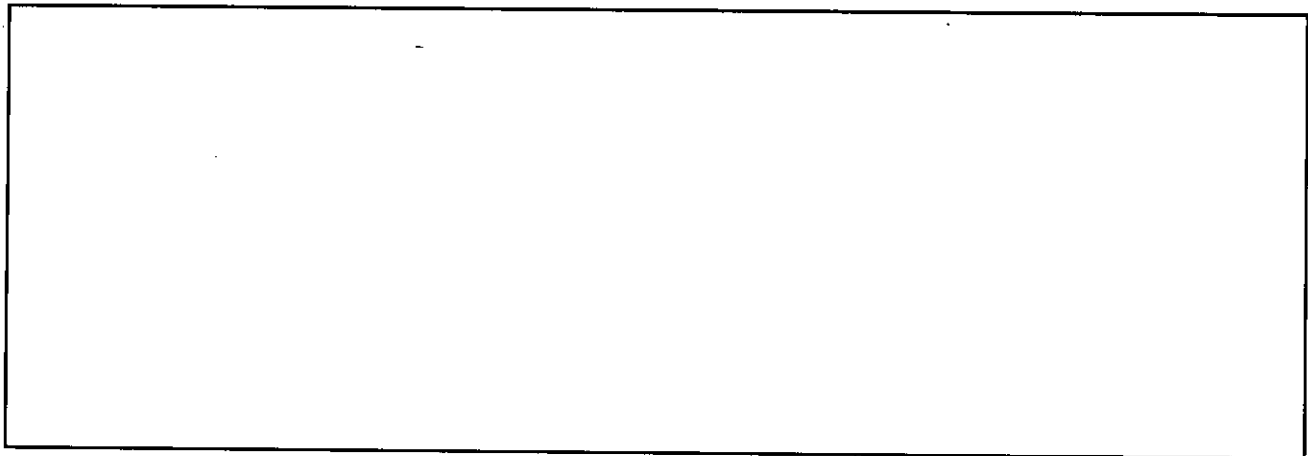
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15. Russian jet buzzes British plane in Austrian air corridor:
A British military training plane flying in the Austrian air corridor near Wiener Neustadt on 27 May was circled several times by a "wing-wagging" MIG-15 which decreased its speed to an estimated 150 knots. No shots were fired.

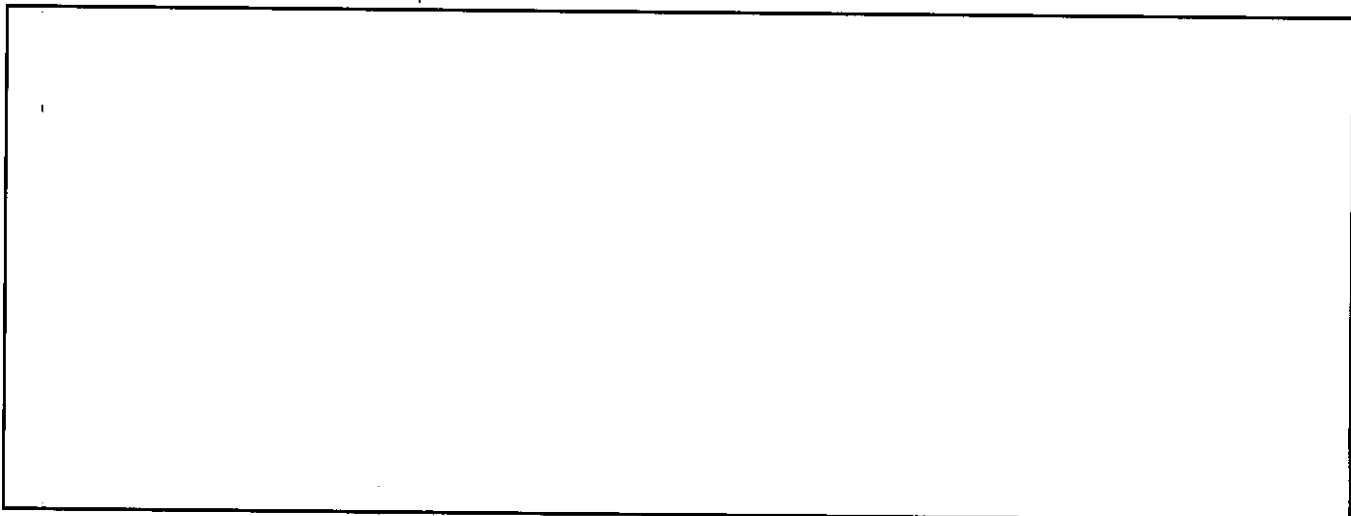
This is the second instance of Soviet nuisance-flying in this area of the corridor. On 16 March 1952, MIG-15's fired guns near another British plane. 

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Comment: The earlier incident closely followed the West's rejection of a Soviet proposal to shift the authorized air corridor away from Wiener Neustadt, where Soviet air installations are subject to air observation. At that time the Soviet High Commissioner warned that the Western powers would have to suffer the consequences of this rejection.

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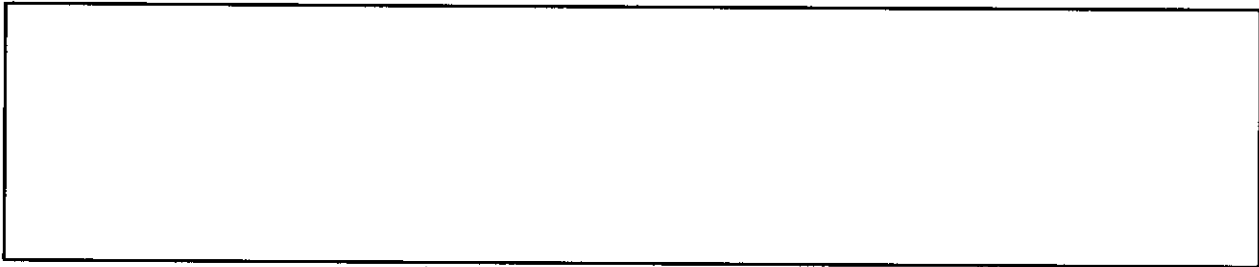
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17. Soviet propaganda accuses US of occupying Bornholm: A recent East German broadcast stated that American forces had occupied the Danish island of Bornholm and seized fishing vessels which were cutting cable lines between East Germany and Sweden. The US naval office in Berlin suggests that this propaganda attack may be related to reported Soviet troop activities in Rostack and the island of Ruegen in East Germany.

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Comment: Soviet propaganda has paid little attention to possible US activity on Bornholm since July 1951, when concern was expressed over increased United States "interest" in the island following Danish adherence to NATO.

LATIN AMERICA

18. Almost complete election returns show Velasco Ibarra ahead in Ecuador: With 312,000 of a possible 350,000 votes counted, former dictator Jose Maria Velasco Ibarra has a plurality of 36,000 over Conservative candidate Alarcon Falconi and seems almost certain to have won the Ecuadoran presidential election. The two "liberal" candidates were never in the running.

Velasco was President of Ecuador twice before -- in 1934-35 and 1944-47 -- and was twice deposed by the army. Although he was once supported by liberal and leftist groups, including the Communists, he is now engaged in a bitter feud with them and draws much of his organized support from neo-fascist Guevara Moreno's Concentration of Popular Forces and from the militant right-wing National Ecuadoran Revolutionary Action.

Velasco has in the past regarded the United States as the natural leader of the Western Hemisphere, but has been critical of what he considers its lack of idealism and moral leadership. During his recent years of exile in Argentina, he is believed to have acquired certain ties with the Peron regime.

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The possibility of an army coup is now probably somewhat more unlikely than it has been for the past few weeks, and Velasco is believed to have a fair chance of being inaugurated in September.

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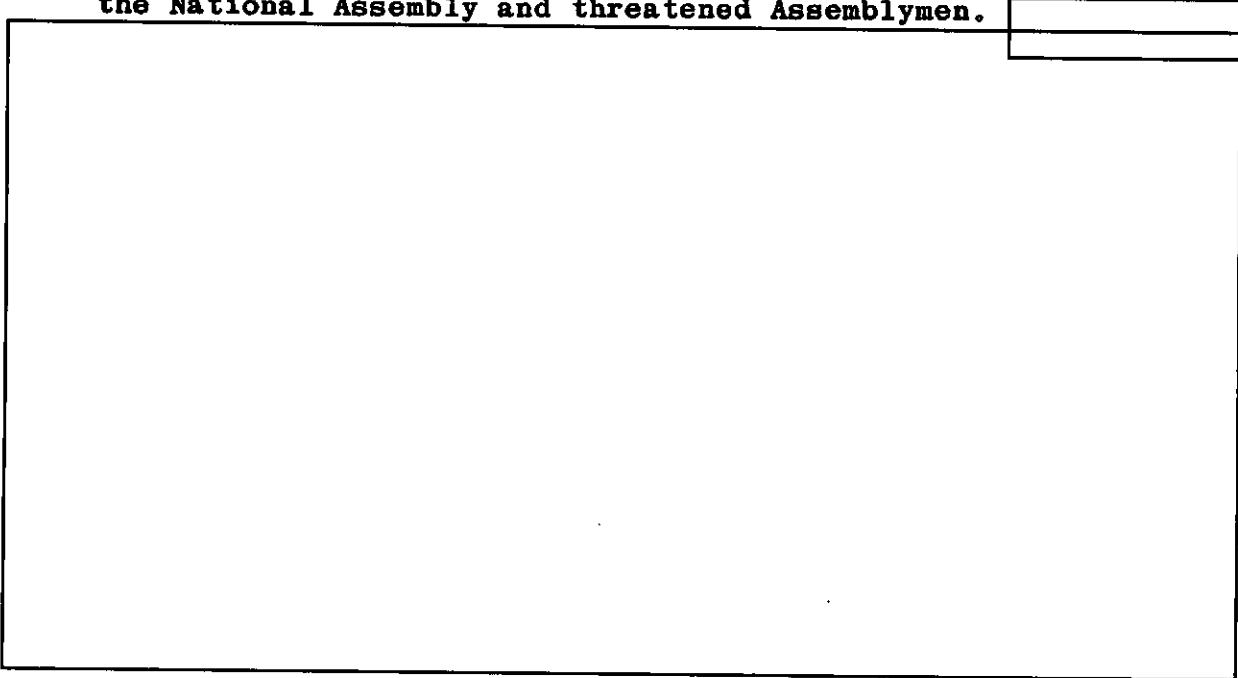
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FAR EAST

1. Rhee threatens mass demonstrations in Pusan: American Charge Lightner reports that at the Cabinet meeting on 3 June, President Rhee stated "thousands, perhaps millions" of people are streaming towards Pusan to demand dissolution of the National Assembly. Adding that there would be terrible disorders in "two or three days" and Assemblymen's lives would not be worth much, the President directed Home Minister Li Bum-suk not to prevent the flow of these people into Pusan. 25X1

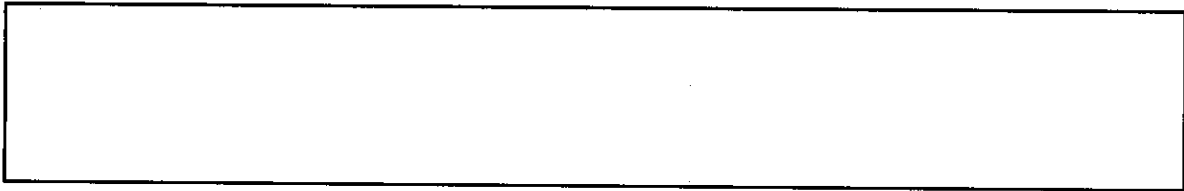
Comment: Strong police action was required on 19 and 23 May when Rhee supporters staged demonstrations before the National Assembly and threatened Assemblymen. 25X1



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NEAR EAST - AFRICA

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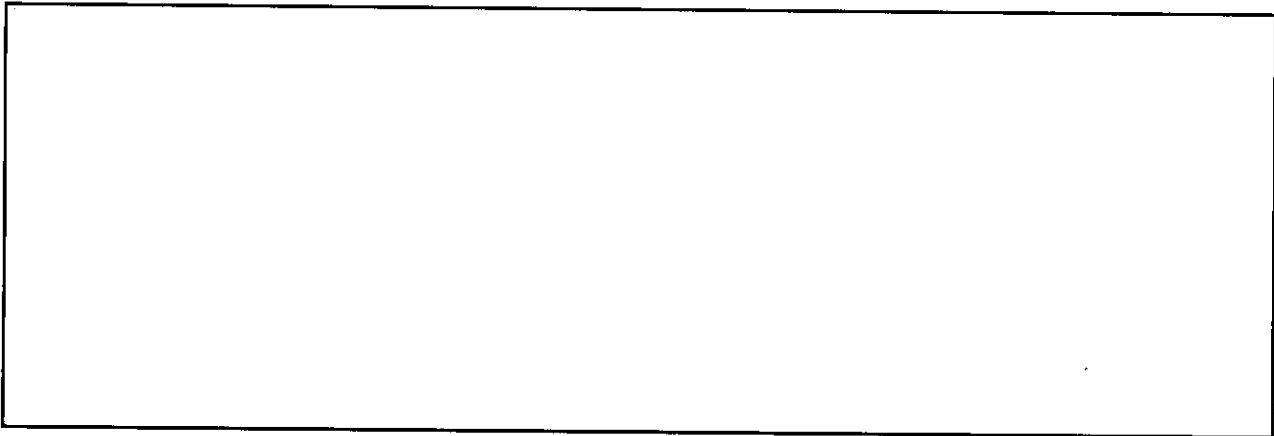
3. Turkish Foreign Minister favors Arab unity: French and British desire to maintain special influence in the Near East has caused them to oppose unification among the Arab States, the Turkish Foreign Minister told Ambassador McGhee on 29 May. Citing this as one of his complaints against French and British policy, the Foreign Minister said that he believed Arab unity was desirable. He added that his government repudiated the policy of previous Turkish governments which kept the Arab world divided by playing one against the other. 

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Comment: The Turkish Foreign Minister has previously criticized the French and British reluctance to promote unity among the Arab States.

Recent Turkish governments have desired a stable Arab world, which would simplify Turkish defense problems, but they have consistently been sceptical of the possibilities of Arab unity.

The Foreign Minister's statement is presumably intended to encourage the United States to participate more actively in the Near East.

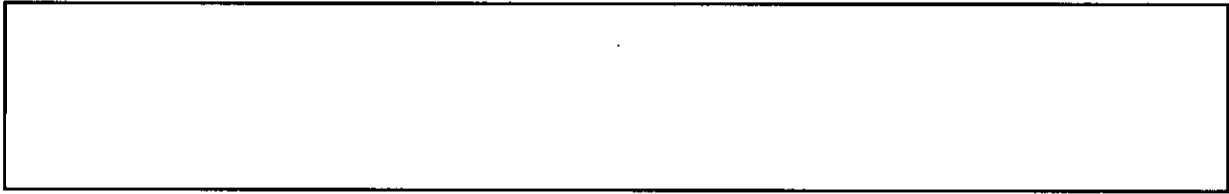


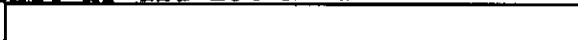
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5. Iranian financial situation is critical: Acting Governor Nasser of the Iranian National Bank has told an American Embassy official that the government has sufficient funds to pay its employees for May but that he did not know what the government could do for June. 

Comment: Nasser's earlier refusal to lend the government funds to help it meet its financial obligations has so infuriated the Prime Minister that he is reportedly determined to remove Nasser. The fact that Mossadeq is considering such a move, which would have serious political consequences for him, highlights the serious financial situation of the government.

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6. Greek Opposition leader discusses political situation: In a 29 May conversation with the American Ambassador, Greek Opposition leader Papagos criticized the King's excessive use of Navy transportation as evidence of the Monarch's lack of understanding of Greece's deplorable financial and political situation. Papagos also stated that Social-Democrat leader Papandreou, now definitely but secretly associated with the Greek Rally, planned to write an open letter to the King calling attention to the country's ills and urging new elections. If this failed, the Rally would try to wean deputies away from the government coalition, although Papagos insisted that he would not accept any deputies who had been bribed to accord him their support. 

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Comment: Marshal Papagos has previously criticized the King primarily for his interference in military affairs. His remarks, which would appear to reflect his growing frustration at the Rally's inability to unseat the EPEK-Liberal coalition, may accordingly foreshadow a more determined opposition attack upon the government for its lack of constructive action in economic matters.

It is unlikely that a letter such as that described by Papagos would have a decisive effect upon the King. The maneuver would appear typical of the Rally's failure to take full advantage of its political opportunities.

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