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SECURITY INFORMATION

25 September 1952

US OFFICIALS ONLY

OCI No. 9386  
Copy No. 297

**CURRENT INTELLIGENCE DIGEST**

Office of Current Intelligence

**CENTRAL INTELLIGENCE AGENCY**

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#### GENERAL

1. Eight Chinese negotiators remain in Moscow: The conclusion of the basic Sino-Soviet agreements on Soviet economic and military aid to China is suggested by the departure from Moscow on 22 September of Chinese Communist Premier Chou En-lai. On leaving, he cited the published agreements on the Changchun Railway and Port Arthur, but emphasized that the talks had included "important political and economic problems."

Eight members of the Chinese delegation, including four top economic figures and two military leaders, still remain in Moscow, presumably working out the details of unpublished agreements. Similarly, the continued presence in Moscow of the Mongolian defense minister, following the departure of the Mongolian premier, suggests further discussion of a tripartite agreement involving Outer Mongolia. (Factual data from: R FBIS Peiping, 23 Sept 52)

2. Britain seeks American support to delay Japanese accession to GATT: The British Foreign Office plans to ask American support for a resolution which would have the effect of postponing Japanese accession to the General Agreement on Tariffs and Trade (GATT) until after the conclusion of regular GATT tariff negotiations sometime next year. The British will argue that the Labor government gave a pledge to the Lancashire textile industry that Japan would not be given most-favored-nation treatment, and will state that it is politically impossible for Britain to support any move to admit Japan immediately. (C London 1648, 22 Sept 52)

#### SOVIET UNION

3. Top party officials elected in Georgia SSR: Following its election by the Georgian Republic Congress, the Central

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Committee met on 18 September to elect secretaries and executive committee (buro). A. Mgeladze, V. Budzhiashvili, and V. G. Tskhovrebashvili were again confirmed as secretaries. Elected to the buro were the three secretaries and the following nine members: Z. N. Ketskhoveli, Chairman of the Georgian Council of Ministers; Chkhubanishvili, former Secretary of the Georgian Central Committee; V. M. Bakradze, First Deputy Chairman of the Council of Ministers; A. I. Kochlabashvili, Minister of the State Security; Balavadze, First Secretary of the Kutaisi Oblast Party Committee; Sh. Getia, First Secretary of the Abkhaz ASSR Party Committee, I. D. Kochlamazashvili, Georgian Minister of State Farms; and K. Budzhiashvili, First Secretary of the Tbilisi Oblast Party Committee. (R FBIS Moscow, 19 Sept 52)

Comment: In conformance with the proposed revisions of the Party Statutes only three instead of the previous five secretaries and a buro of eleven were elected. While one of the ex-secretaries was excluded altogether, the other, Chkhubanishvili, was made a member of the buro.

#### EASTERN EUROPE

4. Bulgarian Agrarian Party resolutions follow series of purges: At its meeting on 29 and 30 August, the board of the Bulgarian National Agrarian Union resolved that the party should "play an even more active part in the execution of the people's government measures ... in indestructible brotherly alliance with the Bulgarian Communist Party and under its guidance." (R FBIS Sofia, 9 Sept 52)

Comment: For the past several years the Bulgarian National Agrarian Union has served only as a propaganda agency for conveying to the peasants the will of the Bulgarian Government. [redacted] Sofia reported in May that the purge of Agrarian elements showing any vestige of independence was becoming "endemic," and commented that this was perhaps "a heartening sign of the Bulgarian people's resistance to the present regime." Since that time a wave of purges which reached a peak during the first week of August, has resulted in the expulsion of members in at least ten localities throughout Bulgaria.

5. Bulgarian espionage indictment implicates French and Vatican officials: According to an indictment filed on 20 September against 29 priests and 11 other members of an alleged Catholic spy organization, a number of "plotting centers ... operating under the leadership of the imperialist and Vatican

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intelligence services" have recently been uncovered in Bulgaria. One of these organizations was allegedly supplied and heavily subsidized by the French intelligence service. The indictment named several French and Vatican diplomatic representatives said to have been involved in the operation. (R FBIS Sofia, 22 Sept 52)

Comment: The present indictment is similar to one served in 1949 against 15 Protestant pastors who were subsequently given sentences ranging from one year to life imprisonment. There are believed to be some 120 Roman Catholic priests in Bulgaria at the present time, 30 of whom are already serving prison sentences.

As far as can be determined, none of the French officials named in the espionage indictment are currently resident in Bulgaria. The Vatican no longer maintains an apostolic delegate in the country.

6. Hungarian Government campaigns to eliminate waste in metallurgical industry: The Hungarian official party newspaper Szabad Nep on 23 September carried an editorial demanding that workers and technicians in the metallurgical industry improve the quality of their output and eliminate the excessive number of rejects in order to save "many millions of forints." (R FBIS Budapest, 23 Sept 52)

Comment: A national conference sponsored by the party, the Ministry of Foundry and Machine Industry, the Iron and Metal Workers Union and the Association for Mining and Metallurgy recently convened to cope with the problem of waste in the metallurgical industry and set as its special target the effecting of economies in raw materials imported both from the West and from the USSR.

The new economy campaign indicates that Western export restrictions are making themselves felt and also lends some credence  Soviet planners will force Orbit countries to practice the greatest possible economy in order to concentrate all available Soviet resources on Asia.

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7. Hungarian Government calls for extensive stockbreeding program by socialized sector of agriculture: The Hungarian Council of Ministers and the Central Committee of the Hungarian Workers Party adopted a joint resolution on 14 September calling for an increase in livestock and fodder crops. The figures on projected livestock increases show a

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vast increase for cooperatives and state farms in contrast to the modest over-all increases. The US Legation at Budapest interprets the measure as an indication that the regime plans to collectivize three fourths of the country's arable land by the end of 1954, compared with the present estimated 27 percent.

Hungarian Minister of Agriculture Erdei emphasized the importance of the measure and also conceded that the drought had increased the problem of winter feeding of livestock and caused some people to try "to get rid of livestock in a reckless manner." (R Budapest 266 and 269, 19 and 20 Sept 52)

Comment: Although the new measure stresses livestock breeding it appears that the government intends to build up collective farm livestock holdings by the transfer of animals from free peasants who still possess a large share of the country's livestock. The peasants then lacking necessary farm animals may be more easily forced into cooperatives. However, it is too early to attempt to determine the government's exact goals.

Hungarian newspaper reports of numerous cases of punishment of peasants for the illegal slaughter of livestock indicate that the peasantry is taking the usual means of sabotaging collectivization and that shortage of feed is not the only reason for the wave of slaughterings.

8. Hungarian Workers Party apparently conducting limited purge: The US Legation at Budapest reports that all Hungarian Workers Party membership cards expire on 31 December 1952 and will have to be exchanged. The Legation believes, in view of recent criticism of the party's recruitment policy, that the action may indicate that a limited purge of the nearly one million members is in progress. (S Budapest Weeka 38, 19 Sept 52)

Comment: Recent indications have pointed strongly to the probability that the Hungarian Workers Party has been conducting a general screening of its membership since last February when a Central Committee directive demanded higher qualifications for admission. The revelation that all membership cards are being reviewed and the recent convocation of all local party units strongly implies that a purge on the low and middle levels is in progress.

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9. First medium antiaircraft battery observed in Pest area of Budapest: The US Army Attache in Budapest reports observing the first 85 mm antiaircraft battery in the Ujpest district of Budapest. (S USARMA Budapest L 2939, 12 Sept 52)

Comment: Only light automatic antiaircraft weapons have previously been observed on the east bank of the Danube. This report indicates further extension of the air defenses of Budapest. Two Hungarian antiaircraft artillery divisions are known to be stationed in the Budapest area, but semi-permanent emplacements had not been observed until April of this year.

10. Annual call-up initiated in Poland on schedule: The US Army Attache in Warsaw reports that the induction of conscripts of the class of 1932 has begun. Groups of young men under the command of non-commissioned officers are appearing daily at the military hospital in Warsaw for physical examination. (S USARMA Warsaw MA 127-52, 22 Sept 52)

Comment: The reported call-up follows the pattern prescribed in the 1950 decree on military service. The inductees registered for the second time in March of this year and were notified on 18 August of their approaching induction.

11. Polish Catholic newspaper advocates participation in elections: An editorial in an authoritative and independent Polish Catholic newspaper has called upon Polish Catholics to drop their "political negativism" and participate in the October elections. The editorial warned Church members not to listen to foreign elements advocating resistance and sabotage, since this might lead to "harsher governmental systems." It cautioned Catholics, however, to take care that the exercise of the officially guaranteed religious liberties is not lessened.

The writer said Catholics should act according to the present situation in Poland, but should remember the importance of the ideological differences between Communism and Catholicism. (R FBIS Warsaw, 23 Sept 52)

Comment: This apparent concession to government policy is in marked contrast to the attitude displayed last month by Archbishop Wyszynski, when he vigorously protested government seizures of lower seminaries. It may reflect recognition of the fact that a display of open resistance to the elections

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by Catholics, who make up over 95 percent of the population, would doubtless provoke severe retaliation on the Church. The Church has previously gone along with government policies without endorsing them, thus avoiding an open conflict.

The newspaper, the weekly organ of the Archdiocese of Krakow, is widely read and considered to represent the views of the Church hierarchy.

12. Plans call for increases in Polish shipping: Plans for increases in Polish shipping were outlined by Minister of Navigation Popiel at a Gdansk maritime conference on 2 September, according to the American Embassy in Warsaw. Cargo tonnage and vessels for transport are to rise 12 and 10 percent respectively, and cargo norms have been raised to meet the planned increase in cargo volume. Emphasis is being placed on measures to improve the efficiency and reduce the cost of shipping, such as more repairs by crew members and the reduction of demurrage charges. (R Warsaw Joint Weeka 90, 10 Sept 52)

Comment: Poland has had some success in purchasing merchant ships from Western countries, but not enough have been acquired to provide adequate cargo space for shipping, especially to the Far East.

13. Rumania reportedly sets up a Ministry of State Security: According to the United Press, the Rumanian Government has announced that the former Ministry of the Interior has been divided into a Ministry of Internal Affairs and a new Ministry of State Security. (U New York Times, 22 Sept 52)

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25X1C Comment: There is no confirmation of this move as yet, although [redacted] all the Satellite countries are dividing their Interior Ministries according to the Soviet pattern. Poland since 1945 and Czechoslovakia since 1950 have had such a division. The other Satellites still carry security administrations within their Interior Ministries.

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FAR EAST

14. Effects of UN air offensive in Korea reported: The North Korean Army headquarters has issued a report stating that during the period from 23 June to 15 August UN air attacks caused three times as much damage as in the previous two years, [redacted] The report stated that 52 cities and 520 villages had been completely or partially destroyed, with 9,000 civilians killed. The situation was allegedly discussed at a meeting of a Communist-front organization charged with drafting propaganda to counter the air offensive. [redacted] 23 Sept 52)

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Comment: These are the first purported enemy statistics on the effects of the intensified UN air campaign.

15. Peiping regime avoids large paper money issues: A source who left Tientsin in August has reported that most of the currency in use was old and worn. He did not feel, therefore, that the Communist authorities were issuing much new paper money. (C Hong Kong Desp 410, 22 Aug 52)

Comment: The comments of this observer support other evidence that the Peiping regime is able to finance its high military expenditures without resort to large issues of paper money. The Communists themselves claim to be operating on a balanced budget.

16. Central-South China military headquarters reportedly moved to Canton: The headquarters of the Central-South China military area and 4th Field Army apparently moved from Hankow to Canton during July, preparatory to abolishing the separate South China military district command. General Yeh Chien-ying, commander of the South China military district, is the commander of the newly established headquarters. [redacted] 22 Sept 52)

Comment: With commander Lin Piao of the Central-South military area and the 4th Field Army absent from his command and possibly in Peiping for the last few months, the Chinese Communist press has been listing Yeh Chien-ying as "acting commander" of the area and army. [redacted]

25X1C [redacted] the area and army headquarters have moved to Canton, Yeh's headquarters as commander of the South China military district, governor of Kwangtung, and secretary of the Communist Party's South China sub-bureau.

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It is not yet clear whether the headquarters of the Central-South military area or only the headquarters of the 4th Field Army has moved to Canton. It is also possible that merely elements of one or both headquarters have moved. Military area and field army headquarters have invariably been located in the seats of regional governments, and there is no evidence to date that the Central-South Military Administrative Committee, the top governing organ of the region, has moved to Canton.

SOUTHEAST ASIA

17. Indonesian official despairs of negotiated New Guinea settlement: Information Minister Mononutu in speeches in Central Java stated that there is no hope of a negotiated settlement in the New Guinea dispute with the Dutch. He said that the Indonesian people themselves are responsible for this development since they have not worked for a spirit of unity in the country, thereby making Indonesia appear weak. (R FBIS Djakarta, 23 Sept 52)

Comment: Queen Juliana's throne speech of 16 September, although inviting renewed negotiations with Indonesia on the Netherlands-Indonesian Union, failed to mention further discussion on New Guinea.

It is possible that the Indonesian Government, realizing its poor bargaining position, is testing popular response to the probable failure to obtain Netherlands New Guinea.

SOUTH ASIA

18. Pro-Communist Indian delegate appointed to UN General Assembly: The announced appointment of V. K. Krishna Menon to India's UN General Assembly delegation suggests that Indian Communists will soon have direct prior information regarding the positions to be taken in General Assembly sessions by India and other nations with whom it has friendly contacts.

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Krishna Menon, who until recently was Indian High Commissioner in London, is violently anti-American and pro-Communist. He has been connected with a scandal involving the purchase of jeeps for the Indian Government. Menon, a close confidant of Prime Minister Nehru, was a member of India's UN delegation in 1946 and 1947 and reportedly advised his colleagues to vote with the USSR on such issues as disarmament.

Krishna Menon's appointment to the General Assembly, like that of K. M. Panikkar as Indian Ambassador to Cairo, places a very influential pro-Communist in a strategic position. (Factual data from: U New Delhi 1246, 22 Sept; 1262, 23 Sept 52)

NEAR EAST - AFRICA

19. Saudi Arabia protests flight of British aircraft over disputed area: Saudi Arabia has delivered a note to Great Britain protesting the flight of aircraft over the disputed Buraimi area, near the entrance to the Persian Gulf. The note maintains that the act violates Saudi Arabian sovereignty and threatens, unless such activities cease, that the case will be referred to the UN Security Council. (S Jidda 165, 22 Sept 52)

Comment: Part of the Buraimi area is claimed by the British-protected Sultan of Muscat. On 15 September the British Charge in Jidda presented to King Ibn Saud a note protesting the presence of Saudi Arabian troops in the area

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[REDACTED]

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20. British army chief favors evacuating troops from Suez base: Britain's Secretary of State for War, Brigadier Head, who conferred in the Suez Canal zone on 18 September with British Ambassador Stevenson, believes that all British troops, with the exception of "technical" and RAF fighter units, should be evacuated from the zone.

According to Ambassador Caffery, the low morale of the troops is a primary British consideration. (S Cairo 765, 23 Sept 52)

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Comment:

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In the past Great Britain has rejected suggestions that even a token withdrawal should be undertaken in order to facilitate a settlement of the Anglo-Egyptian dispute.

21. Shell Oil plans major Kenya refinery: The Shell Oil Company is planning a 40,000,000 pound sterling refinery at Mombasa in Kenya as a partial substitute for Abadan. According to a Shell Oil-Kenya Government joint announcement on 5 September, this refinery will be the largest in Africa. Significantly, it will be built in a British colony and will probably supply African, Middle Eastern and Far Eastern markets. (R Pretoria Desp 150, 12 Sept 52)

Comment: Shell's plan, as well as the proposed construction of a refinery by AIOC at Aden, indicates that the major British oil companies may not anticipate early access to Abadan's 500,000 barrels per day production. The estimated Shell production would be approximately 25,000 barrels per day. The company probably contemplates using Kuwait crude oil.

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## WESTERN EUROPE

22. East Germans may be ready to discuss restitution with Israel: Commenting on press stories regarding the possibility of an Israeli-East German restitution agreement, American representatives in Berlin assert that the German Democratic Republic (GDR) may be prepared to negotiate with Israel. If so, they state, the question of Israeli recognition of the GDR will probably arise before negotiations start, or shortly thereafter. They believe that the GDR might ask for trade talks in return for such a restitution agreement.

The head of the East German Christian Democratic Party told West German newspapermen on 20 September that Israel had not yet approached the GDR on the restitution matter. (S Berlin 489, 23 Sept 52)

Comment: Despite some internal opposition to dealing with any Germans, Israel may try for a restitution agreement similar to that reached recently with West Germany. Though the GDR Agriculture Minister has said that his government has no basic objections to negotiations with Israel, the East Germans, in contrast to the West Germans, would probably demand substantial Israeli concessions.

23. Communists make all-out effort to delay contractuals: The US High Commissioner's office in Berlin believes that the East German delegation's letter to the Bundestag and the East German press reaction to the delegation's visit to Bonn represent an all-out Communist effort to divide West Germany from its allies and to delay the EDC and contractual agreements.

HICOG considers that the letter's omission or under-emphasis of controversial issues, and the proposals for three separate commissions to consider a peace treaty, an all-German government and election conditions, are hints of Soviet readiness to compromise. (C Berlin 483, 23 Sept 52)

Comment: It is very doubtful that the Kremlin is ready to compromise its own position on the German problem. It is, however, supporting East German efforts to delay ratification of EDC and the contractuals, as indicated by an article distributed by TASS on 23 September stating that the East German letter marks the beginning of all-German negotiations.

The Kremlin apparently has given the initiative to the East German Government, which can make compromising and conciliatory proposals without committing the USSR.

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24. Bonn dissidents reported to have suggested visit of East German Volkskammer delegation: The 19 September visit of the East German Volkskammer delegates to Bonn was originally suggested by a group of 13 Bundestag deputies, according to Hermann Etzel, a Bavarian Party Bundestag member. Etzel states that a secret letter was sent to the East German government last June signed by the 13 delegates, all members of the coalition parties or of the Bavarian Party which normally votes with the coalition.

One Volkskammer delegate came to Bonn on 10 September to lay the groundwork for the later visit of the whole delegation. He talked with Etzel and eight other Bundestag members, but failed in his attempts to contact 30 more members. (S Bonn 1317, 23 Sept 52)

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25. Adenauer discourages Saar parties on return of territory to Germany: In recent conversations with the leaders of three unauthorized pro-German parties in the Saar, West German Chancellor Adenauer emphasized Europeanization as the only practical solution of the Saar problem. The party leaders, who had counted on encouragement for their "home in the Reich" line, were gravely disappointed.

Noting that the leader of Adenauer's party in the Bundestag also favors Europeanization, American representatives in Bonn believe that these developments constitute real progress, however slight, offering the possibility of postponing a final Saar settlement until the establishment of a European political community provides the frame for the Saar's Europeanization. (S Frankfurt Sitrep 36, 24 Sept 52)

Comment: Adenauer is not known ever to have encouraged the policy of an outright return of the Saar to Germany, but rather has consistently promoted Europeanization ever since he proposed it last March. He does not, however, have the wholehearted support of even his own party, much less of the minor coalition parties.

26. Large-scale diversion of Austrian aluminum uncovered: American Embassy officials in Vienna report that a considerable

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quantity of raw aluminum ingots produced by the United Aluminum Works of Ranshofen has been diverted to the Orbit. According to preliminary investigation, about 1,000 tons of aluminum have been exported to well-known East-West traders in Switzerland, Sweden, and Belgium, and have probably been transshipped through Switzerland and Antwerp. Additional orders from the same firms for 5,450 tons of aluminum have not been filled pending end-use checks directed by the Embassy.

The aluminum diversion was suspected last spring when applications for Austrian export licenses ceased. Inquiry revealed that the exports were being authorized under a special "customs processing arrangement" which permitted the licensing of exports by a regional office of the Ministry of Finance. (S Vienna 819, 22 Sept 52)

Comment: [REDACTED]

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[REDACTED] 150 to 200 tons of aluminum were being diverted to Czechoslovakia each month from the Ranshofen plant. The shipments were allegedly routed to Czechoslovakia on the basis of "fraudulently obtained end-use certificates" through Trieste, Switzerland, and Antwerp.

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27. French Communists reportedly planning vigorous anti-American tactics: [REDACTED] Communist activity against Americans in France will be renewed in October with progressively increasing vigor. 25X1C

A propaganda effort to represent Americans as enemies of the French will be started in port areas and will lead up to a mass demonstration and a march on the American Consulate at Bordeaux. Plans for November and December call for French nationals to provoke more serious incidents with individual Americans and for the sabotage of American troop trains and equipment. (S CINCUSAFE Wiesbaden ECIGC 7236, 19 Sept 52)

Comment: There is no other information to substantiate this report. The plan as reported would be a reversal of the trend in current French Communist policy, which since the failure of the May demonstrations has been to avoid direct action, to emphasize the workers' economic demands, and to employ united-front tactics.

28. Italy's attitude toward EDC ratification clarified: Prime Minister de Gasperi did not mean to imply in his 16 September speech to the Consultative Assembly of the Council of Europe

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that ratification of the EDC treaty should await the creation of the proposed European political community, according to Italy's representative on the EDC Interim Commission.

The Italian Government does, however, believe that the EDC will not function effectively until a European political community is established and that progress toward that objective would help parliamentary ratification. A further obstacle to early ratification is De Gasperi's view that the passage of a new electoral law has priority over EDC legislation. (C Strasbourg 90, 23 Sept 52)

Comment: Since the Communists and Nenni Socialists are expected to filibuster, and since the center parties have national congresses scheduled during the next three months, it is unlikely that the EDC treaty will be ratified at Rome in the near future. Progress toward European political integration would help De Gasperi stem the increasing dissatisfaction both within and outside the government with his foreign policies.

29. Leaders of Italian Democratic Socialists' left wing may join Cucchi-Magnani movement: Current talks between ex-Communist Magnani and Democratic Socialist left-wing leaders Codignola and Greppi suggest that the latter are considering bolting their party to join the Movement of Italian Labor (MLI). Codignola, who controls about 10 percent of his party's strength, recently assailed other Democratic Socialist leaders for not taking an unequivocal stand in favor of the proportional representation system.

The American Embassy in Rome comments that an announcement of such a move would probably be deferred until the party congress which opens on 4 October. (C Rome 1283, 23 Sept 52; S Rome Joint Weeka 38, 19 Sept 52)

Comment: The secretary of the Democratic Socialist Party alleged last May that the MLI, having failed to draw adherents from the Communists and Nenni Socialists, was raiding his party and "buying over" left-wing leaders.

30. Spanish press reportedly told to begin new anti-US campaign: According to a source considered reliable by the American Charge d'Affaires in Tangier, all newspapers in Spain have been instructed to begin immediately a violent anti-United States campaign based on current US-Spanish negotiations. (C Tangier 114, 23 Sept 52)

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Comment: Although such a campaign would be a departure from the rather friendly attitude shown by the Spanish press only two weeks ago, it would not be inconsistent with earlier anti-US propaganda in Spain. The government may have issued such instructions to justify the lack of progress in its negotiations with the United States.

LATIN AMERICA

31. Brazilian Communists waging campaign against US-Brazilian military agreement: Brazilian Communists are pressing congressmen to oppose ratification of the US-Brazilian military assistance agreement. A "peace" petition, which includes an attack on the agreement, already has 4,000,000 signatures [redacted]

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Nevertheless, the American Embassy reports, indications are that the Brazilian Congress will ratify the agreement with few opposing votes. Obstructionists have so far been delaying ratification by such measures as a demand for full translation of all pertinent United States legislative acts. (C Rio de Janeiro Joint Weeka 38, 23 Sept 52)

Comment: Although the Communists have been campaigning against the military assistance agreement, they are apparently not cognizant of the secret part of the agreement known as the Military Plan.

32. Democratic Action Party reportedly threatens revolt in Venezuela: A recent pamphlet attributed to the outlawed Democratic Action Party (AD) warns that there will be an armed revolt in Venezuela if the government persists in making a "farce" of the elections scheduled for 30 November.

The US Embassy at Caracas and various Venezuelan officials believe that there may be some trouble in the next two months, but that the government will be able to control it. Many observers see the tone and content of the pamphlet as an indication of "increased Communist influence" on AD thinking. (C Caracas Weeka 38, 16 Sept 52)

Comment: The pamphlet, if it is actually an AD publication, represents a shift in the party's public stand against violence, but is not necessarily a sign of "increased Communist influence."

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Communist handbills during the past year have repeatedly denounced violence as a political weapon.

25X1C      Although the AD denied any implication in last October's uprisings, there is considerable evidence to the contrary, and  AD activities in the Caribbean area suggest that another attempt, either just before or shortly after the election, may be planned. Such an attempt could scarcely succeed without at least some army support, which the AD does not appear to have.

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**TOP SECRET SUPPLEMENT**

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NEAR EAST - AFRICA

- 1. Cities Service intends to buy oil if Iranian-British negotiations break down:

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