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H I G H L I G H T S

The trend toward the division of Europe between East and West continued this week as West Germany accepted associate membership in the Council of Europe and East Germany assumed more of the trappings of a full-fledged Satellite. The extensive political and economic agreements between Poland and the German Democratic Republic, particularly the formalization of the Oder-Neisse line, point to the Soviet intention to integrate the Eastern Zone into the Satellite bloc and create a base for subsequent expansion in Germany (see page 4). In addition to obtaining parliamentary support for German membership in the Council of Europe, the Adenauer Government will probably succeed in persuading Parliament to ratify the Schuman plan for pooling steel and coal resources when it reaches the legislative stage (see page 3). Full British participation in the proposed organization remains doubtful, however, in view of the divergence between the proposal as presently conceived and the conditions the British Government is likely to insist on (see page 2).

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THE SCHUMAN PLAN

UK Attitude Although the British Government will continue to express sympathy with the Schuman proposal, it will avoid any definitive commitment during the formative stage. When the details have been worked out by the six participating nations, the Labor Government will carefully weigh the economic and political advantages and disadvantages before deciding whether to participate fully or to accept some limited form of association. Full participation, however, appears doubtful at this time in view of the divergence between the Schuman proposal as presently conceived and the conditions the British Government is likely to insist on. Moreover, the Conservatives have not come out in favor of Britain's participation.

Initial British reserve toward the proposal stemmed primarily from the government's uncertainty over the effect of a bold action on Britain's delicate internal political balance; the desire to study closely the implications of the proposal for both the affected British industries and Commonwealth and sterling area relations; and the usual caution in connection with subjects involving the principle of European economic and political integration. The cautious approach was not caused solely by the government's desire to manage its own economy in isolation or its reluctance to tie itself to "free" economies. Similarly, the British rejection of European federation or other supra-national authorities does not necessarily prejudice eventual participation, in some form, in the Schuman organization. The former would have imposed the broadest sort of integration "from the top," conceived in constitutional abstractions, while the French idea coincides not only with the British preference for a functional approach toward European unity but with the British desire for Franco-German rapprochement and the merging of Germany with the West.

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Nevertheless, the Labor Government will probably insist that the plan provide for maintaining full employment, retaining ultimate national control over industries, insuring high labor welfare and pay standards, and preventing the evils of cartels and other restrictive influences. Moreover, the British do not want to be levelled down economically or to transfer control of their industries to an authority in which they can be out-voted.

German Attitude Although much will depend upon the final form of the organization and the speed with which agreement is reached, West Germany is likely to ratify the Schuman plan when it reaches the legislative stage. The ease with which the plan will gain parliamentary approval will depend largely on the success of German efforts to gain approval at the six-power conference for proposals which would satisfy national aspirations. The Federal Republic will thus attempt to obtain an organization which will revise the present ceiling on annual German steel production, transfer power from the present Ruhr Authority to the proposed International Authority, and relax limitations on German shipbuilding. The principal obstacle to the plan will be Socialist insistence that the plan permit labor participation in industrial management and at least partial socialization of basic industry. The Socialists will probably also join with representatives of the German coal industry in seeking the inclusion of the electric power industry under the proposed authority.

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WESTERN EUROPE

GERMANY

Split Widened The transformation of East Germany into a full-fledged member of the Satellite community was appreciably nearer this week following the conclusion of a series of agreements between Poland and the German Democratic Republic (GDR). Similar agreements will probably soon be signed by the GDR first with Czechoslovakia and then with the other Satellites. As a necessary prerequisite to the extensive economic and cultural accords, Poland and the GDR agreed to a formal delineation of their "established and existing international frontier" on the Oder-Neisse Rivers. The sweeping economic pacts call not only for an increase in trade between East Germany and Poland but for greater coordination in planning within the framework of each country's long-range economic programs. A basis for agreement was also reached on frontier traffic, as a result of which Poland may soon grant the GDR free port and transit rights in Stettin.

These agreements, by widening the breach between East and West Germany and strongly antagonizing West German opinion, will increase West German opposition to Soviet efforts to gain a foothold in West Germany. They are another indication, however, that the USSR intends to integrate the GDR into the orbit and, by establishing the GDR as an "independent" Satellite, create a base for subsequent expansion in Germany. Moreover, the formal confirmation of the present Polish-German boundary is certain to appeal to Polish nationalist sentiments and should tend to allay Satellite fears of a Soviet sell-out to Germany at the expense of the orbit.

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GERMANY

Political Trends Chancellor Adenauer's efforts to gain complete control over his party, the Christian Democratic Union (CDU) are likely to meet defeat on 18 June in the important Land election in North Rhine-Westphalia. Left-wing elements of the CDU, along with the Socialists, are expected to emerge with sufficient strength to permit a continuation of the present CDU-Socialist Land Government. The CDU left wing, led by Land Premier Karl Arnold, has stubbornly maintained a CDU-Socialist coalition in North Rhine-Westphalia and is influential at Bonn in exerting strong pressure on Adenauer to proceed with such economic legislation as worker participation in industrial management and partial nationalization of industry. Despite the gradual swing to the right expected in subsequent Land elections, an Arnold victory on 18 June would force Adenauer to continue his precarious policy of compromise between the right and left elements of his coalition and to make some concessions to demands for passage of economic and social legislation.

ITALY

Peace Campaign In their current peace campaign, the Italian Communists are gaining the support of a number of influential non-Communists and have thereby increased their potential for gaining public adherence to the neutrality concept and for weakening the Italian will to resist. Growth of this sentiment could in time seriously weaken effective Italian participation in the MDAP. The recent rally of the Italian Partisans of Peace provided evidence of the success of the Communist campaign. The rally was attended by ex-Premiers Orlando

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ITALY

and Nitti, as well as by non-Communist members of Parliament. Many of these are advocates of Italian neutrality in the East-West conflict and supported a resolution similar to the Communist-sponsored Stockholm convention outlawing the atom bomb. Moreover, there was practically no protest in the non-Communist press over the presence of prominent Italian statesmen at a Communist-staged meeting.

BELGIUM

Royal Question The newly formed one-party Social Christian (Catholic) Government probably will receive parliamentary approval by a small majority when the new Belgian Parliament convenes on 20 June, and is likely to obtain repeal of the law of 1945 which makes King Leopold ineligible to reign. Although the slender majority of the Catholic Party makes it theoretically possible for the Catholics to return Leopold to the throne unconditionally, it is not likely that they will do so. Numerous responsible Catholics fear that such a course would impair national unity and economic stability and pose a serious threat not only to the monarchical institution but to the Catholic Party itself. It is probable, therefore, that the Catholic Party will make strenuous efforts to reach a solution, with the tacit approval of the Liberal and Socialist Parties, which would provide for Leopold's return but which would also assure his eventual abdication in favor of his eldest son, Prince Baudoin.

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FRANCE

Political Rumblings The weakness of the Bidault coalition government is once again being emphasized by current Socialist efforts to secure passage of a bill to raise Civil Service salaries. The Socialist stand heralds a revival of dissension among the political parties supporting the present coalition and points to the deep-seated differences which become apparent whenever controversial social and economic problems are raised. Bidault has been authorized by the Cabinet to call for a vote of confidence on the wage issue, but the Socialists will probably agree to a compromise rather than cause a political crisis during the crucial negotiations on the Schuman proposal.

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E A S T E R N E U R O P E

SOVIET UNION

Party Purge Evidence during the past few months of a large-scale purge involving important Party and government officials of the Estonian Republic further reflects the periodic difficulties encountered by the Kremlin in its effort to complete the sovietization of the Baltic states. The scope of the dismissals indicated the existence of more basic troubles than nepotism and peculation normally prevalent in Soviet bureaucracy. The charges included such serious accusations as "bourgeois nationalism," the harboring of "Kulak elements," and "poor selection and training of Party personnel." Although these elements have been eliminated and Moscow's control tightened, the extent of the purge is another manifestation of the Kremlin's difficulty in using members of a national minority to govern for the benefit of Moscow.

HUNGARY

Military Purge The current shake-up of the Hungarian Ministry of National Defense, following similar personnel changes in the military forces of Czechoslovakia, Poland, Rumania, Bulgaria, and Albania, is part of the Soviet program to strengthen the links between the Soviet Union's military system and those of the Satellites. Those Hungarian officers, even Communists, who were trained in the military schools of the pre-Communist era and who thus have non-Soviet ideas of military organization and training, are being removed, as well as those tainted by a relationship

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HUNGARY

with General Palfy, executed last fall along with Laszlo Rajk for nationalist deviation. The removal of top-level officers in Hungary may even, as in Bulgaria, be a preliminary to the ouster of the Minister of National Defense, Mihaly Farkas, who although a Soviet-trained Communist, has been reported in disfavor with Moscow for his failure to organize, train, and indoctrinate the Hungarian Army satisfactorily.

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F A R E A S T

BURMA

Government Change Deputy Prime Minister Bo Ne Win's probable accession to the Prime Ministry, in the event of Thakin Nu's retirement next month, would not impede and might well accelerate the Burmese Government's present trend toward stability and Western orientation. Although Ne Win may prefer someone else to hold office, the successor will, in all likelihood, be amenable to Ne Win's direction and control. Ne Win's strength stems from a personal following within the influential Socialist Party, his control of Burma's armed forces, and ability to take advantage of party factionalism over whether Burma should accept Western aid or seek closer alignment with the Communist world. Although a government under Ne Win's control can be expected to reflect some of the opportunistic and dictatorial aspects of Ne Win's own character, the bitterly anti-British Deputy Prime Minister is presently friendly to the US because of his nation's need for economic and military assistance. Moreover, Ne Win is apparently aware of the threat to Burma's independence posed by the Communist success in neighboring China, and he will probably do what he can to thwart the extension of Communist influence in Burma. Ne Win's accession to power will come at a time when Burma and China have agreed on an exchange of ambassadors and when Peiping is showing increased interest in Burmese affairs. Little will now prevent the Chinese Communists from gaining control over the relatively small Overseas Chinese community in Burma, an action which would provide Peiping with a useful instrument for applying pressure to the Burmese Government. Ne Win's anticipated firm attitude in favor of the West, however, will probably serve as a temporary counterbalance to the increase in Communist potential for influencing the Burmese Government.

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KOREA

Unity Move The latest north Korean campaign for the "peaceful" unification of Korea is not likely to meet with success in south Korea either in gaining substantial public support or in causing disunity and indecision. The Communist "appeal" specifically excluded Republic of Korea leaders and the UN Commission on Korea (UNCOK) from participation in the unification attempt. South Koreans, however, have learned from past experience the futility of bargaining with northern leaders and now for the most part support the Republican government. The Republican government, in turn, has agreed with UNCOK that unification can be approached only on the basis of UNCOK-observed democratic elections throughout the country.

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WESTERN HEMISPHERE

BRAZIL

Mineral Bill Election year political pressures may force through a bill in the Brazilian legislature which could seriously curtail US imports of several important critical and strategic minerals. The bill, reportedly already approved by the Constitution Committee of the Chamber of Deputies, would: (1) prohibit the export of fissionable elements as well as thorium and uranium ore; (2) enable the Brazilian National Security Council to control exports of rare metals and those ores which contain them, as well as essential minerals with known reserves insufficient for Brazilian requirements; and (3) give to the same agency general policy control over the mining and processing of minerals containing rare or fissionable elements. Although the bill is aimed particularly at monazite, other minerals, such as beryl, zirconium, tantalite, columbite, lithium ores, tungsten ores, and even manganese could be included. Pressure for this bill is coming principally from those seeking to make political capital prior to the October election, in which it appears that nationalism will be an important issue. The proponents of the bill, however, may also be attempting to force foreign firms now exporting these raw materials to establish plants in Brazil to process the ores, thus providing further employment to Brazilians and increasing the inflow of foreign capital.

PERU

Revolt Quelled The 13-14 June revolt in Arequipa, which began with student rioting, was a direct result of the disqualification of General Odria's only opposition candidate for the 2 July presidential elections. The

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PERU

revolt failed when army support did not materialize; the Arequipa garrison remained in barracks, emerging after two days to suppress the revolt and arrest the leaders. Although the situation now seems under control, considerable tension is expected to continue until the election issue is decided.

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