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22 February 1951

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Copy No. 10

CURRENT INTELLIGENCE BULLETIN

Working Paper!!!

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DOCUMENT NO. 16
NO CHANGE IN CLASS.
DECLASSIFIED
CLASS. CHANGED TO: TS S 2005
EFFECTIVE DATE:
APPROVED BY: 12-15-79
DATE: 12-15-79 REVIEWER: [Redacted]

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

State Department review completed

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GENERAL

1. US Embassy Moscow comments on Stalin interview:

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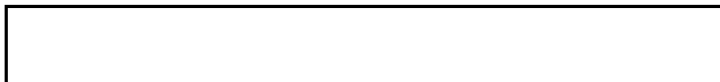
US Embassy Moscow believes that the 16 February Stalin interview is an attempt by the USSR to recapture the diplomatic initiative taken from it by the effective inauguration of the Western defense program. The interview may have been timed to affect prospective Council of Foreign Minister talks and the forthcoming meeting of the World Peace Council. It attempts to exploit the economic burdens of rearmament and to encourage Asiatic countries, especially India, to split away from the NATO-Western Hemisphere groups.

In the Embassy's opinion, the most significant aspect of the interview is the statement that war can become inevitable if the warmongers succeed in deceiving the people. This statement clarifies the Soviet propaganda line, which until recently has stressed that the peace forces would be victorious over the war camp, and serves notice to the Russian people and to others that war is now a possibility. With respect to the UN, Stalin's comments presumably imply that only a peace pact between the five permanent members of the Security Council would reestablish the UN's moral authority and avoid a withdrawal of the Soviet bloc and certain Asiatic countries. Although Stalin hinted that the seating of the Chinese Communists is now less important to a Korean settlement, US withdrawal from Formosa and Chinese participation in a settlement arranged outside the UN still appear to be indispensable conditions.

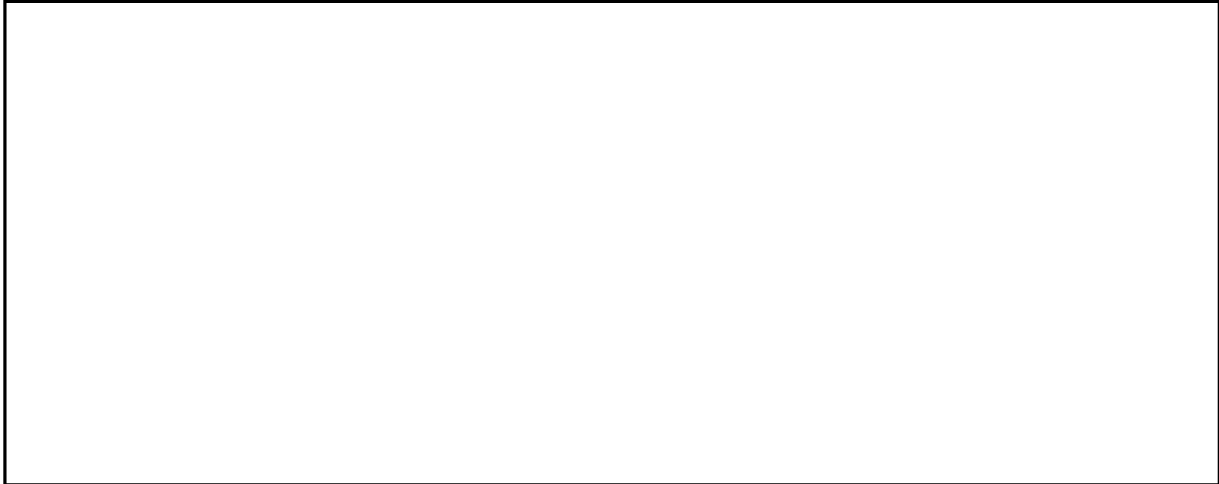
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CHINA

3. Chinese Communist trade delegation joins Satellite delegations in Moscow:

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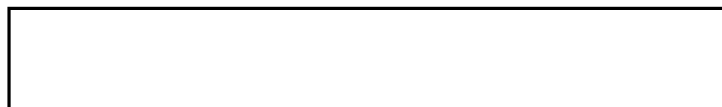
The Soviet press reported on 19 February that a Chinese Communist trade delegation headed by Deputy Minister of Foreign Trade Yao I-lin had arrived in Moscow. The USSR trade representative in the Chinese People's Republic, V. P. Migunov, arrived at the same time.

Comment: All Eastern European Satellites have already sent special trade delegations to Moscow, headed by Ministers of Foreign Trade or other high-ranking officials (see Current Intelligence Bulletin 21 Feb 51). The arrival of the Chinese delegation suggests that China may now be included in the Council for Economic Mutual Assistance and that China's foreign trade may be integrated with that of the entire Soviet Orbit. During the past year, China signed bilateral trade agreements with Czechoslovakia, East Germany, Poland and Hungary. Chinese trade with the Satellites has expanded in recent months, especially with Poland and Czechoslovakia.

A further reason for the current trade talks is the need to renew the Sino-Soviet trade pact, which expires in April 1951.

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YUGOSLAVIA

4. Tito instructs Communist Party members on need for rapprochement with West:

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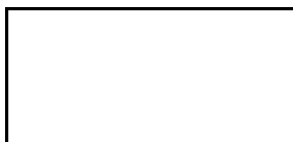
The US Embassy in Belgrade considers that Tito's 17 February speech to the Communist Party group of the Guards Division was directed primarily at a Party minority which finds the Yugoslav rapprochement with the West difficult to accept. While the Embassy does not believe that the speech indicates serious disunity within the Party, it speculates that the speech may foreshadow disciplinary action against members who oppose the new line on foreign policy.

Comment: In his speech, Tito stressed that rapprochement with the West aids rather than endangers the effort to achieve socialism in Yugoslavia. Going beyond his previous statements on foreign policy, Tito asserted that "a localized war in Europe is most unlikely" and that Yugoslavia will "fight against aggression in general and aggression toward (Yugoslavia) in particular." The last statement may be in answer to recent pressure from the UN and US for a definition of Yugoslavia's attitude in event of war.

WESTERN EUROPE

5. French Government crisis in Pleven's hands:

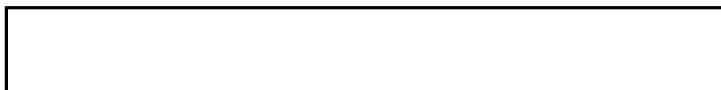
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The issues on which the survival of the Pleven Government depends are coming to a head, and the outcome hangs chiefly on whether Premier Pleven decides to postpone a crisis. There is widespread agreement in the French press that the government may fall this week on the electoral reform question, but Embassy Paris believes that the decisions to be made later on the wage-price problem are fundamentally more dangerous. Despite continued recognition by non-Communist leaders that electoral reform is essential before elections are held, the growing indifference of the coalition partners to the

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fate of the Pleven Government is "ominous," and members of almost every party are declaring that the present Assembly itself is "worn out."

Comment: It still appears unlikely that a successor to Pleven can be found without a new Assembly election. The present government will probably continue until a way has been found to eliminate Communist participation in the pre-election caretaker government and to minimize Communist representation in the next Assembly.

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