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COPY NO 39

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

Date: APR 24 1951

- NOTE:
1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
 2. Comments represent the preliminary views of the Office of Current Intelligence.
 3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

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SECTION 1 (SOVIET)

- "B" USSR. Reported Visit to Abadan of Soviet 3rd Secretary in Tehran. AP from Abadan reports the visit there of the 3rd Secretary of the Russian Embassy in Tehran. According to AP, he arrived by plane 21 April, and left the next day by auto having had no visitors. A Reuters despatch, reported over Baghdad radio, claimed that 2 Soviet officials had made the visits, and not only moved around the oil areas but received a number of visitors. (U AP NYTimes, 24 Apr 51; R FBIS Baghdad Home Service, 23 Apr 51). COMMENT: These conflicting reports on the not surprising show of Soviet interest in the confused situation in the oil areas must be viewed with skepticism until evidence is received confirming what Soviet officials were involved, and the extent of their alleged activity. Outside of Moscow's open propaganda interest in the progress of events in the disturbed oil areas, the USSR has followed a policy of non-interference in the situation pending concrete moves on the nationalization issue and possible steps on the part of the British. In view of the conflicting reports from Abadan, it is a natural step for all interested powers to try and attain more information on the situation.
- "C" Progress is Slow on Much Touted Hydroelectric Projects. Recent reports in the Soviet press indicate that transport and supply difficulties are adversely affecting the planned tempo of construction on the great canal and hydroelectric projects announced last year. PRAVDA reported confusion existing at the port of Odessa, which has been delaying the movement of machinery up to ten days. IZVESTIA describes a serious transportation problem in connection with the projected giant Stalingrad hydroelectric station. Evidently there is only one daily passenger train from Moscow to Stalingrad and also from Krasnodar and Kharkov to Stalingrad. This greatly delays the arrival of technicians, specialists and workers. (U NYTimes, 24 Apr 51). COMMENT: The fact that this machinery is arriving at Odessa by sea, probably via the Baltic and Black seas, for transshipment may be indicative of the general transportation problems in the USSR and a desire to take the burden off the railroad system.
- "B" EASTERN EUROPE. POLAND. Evidence of Soviet Direction of Inter-Satellite Trade. The concluding clause of an industrial contract between government enterprises in the GDR and Poland specifies that in case of unresolvable differences between the contracting parties, the differences are to be submitted to the "Soviet Chamber of Commerce in Moscow" for arbitration. The contract in question was concluded in July 1950 under the broad terms of a Polish-German Technical-Scientific Cooperation Agreement signed on 15 July 1949. (C HICOG Des 663, 29 Mar 51). COMMENT: The Soviet arbitration agency designated in the above agreement is probably the Permanent Secretariat of CEMA, which sits in Moscow rather than the Soviet Chamber

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of Commerce. This report is a useful example of the extent and nature of Soviet direction of inter-Satellite economic relations and is indicative of Eastern Germany's increasing integration into the Satellite orbit.

"C" YUGOSLAVIA. Tito Condition "Good". The Yugoslav Foreign Office has assured Ambassador Allen that Tito's condition following his recent operation is "good" and that he is expected to be well enough to review the May Day Parade in Belgrade. (C Belgrade 1555, 20 Apr 51).

"B" Yugoslav Defensive Preparation in Vojvodina. US Embassy Belgrade reports that observations throughout the Vojvodina area in northeastern Yugoslavia suggest that the Yugoslav General Staff does not intend to defend this area with army formations at the border. No appreciable number of Yugoslav troops are evident on the Hungarian and Rumanian borders. There are indications, however, that Yugoslav partisan formations, together with some army troop units, will be employed to engage any invaders in the villages and along the roads leading to the frontier. Extensive trench systems have been prepared on either side of the main roads and on the northwest side of towns from Srbobran to Sombor and spider-type fox-holes have been dug along the Sombor-Subotica road. (S Belgrade YUG 378, JOINT WEEKKA 16, 20 Apr 51). COMMENT: The Yugoslavs have been preparing trenches and observation posts in the Vojvodina area for many months. It has been generally believed that they were constructed to delay any enemy attack and no attempt would be made by the Yugoslav Army to make a stand in the northeastern plains above Belgrade. Of Yugoslavia's 33 divisions, only 2 are known to be stationed north of the Danube in the Vojvodina. However, units of 2 other infantry divisions are so located as to be readily available for action in the area.

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SECTION 2 (EASTERN)

- "B" GREECE. Greek Government Requests US Support for Security Council Seat. The Greek Government has formally requested US support for Greece's candidacy as a non-permanent member on the Security Council replacing Yugoslavia. The Greeks attach considerable importance to a seat on the SC particularly since Greece has been passed over in a number of previous elections to UN bodies, and because of their support of the UN, especially since Korea. The Embassy believes that the Greek request has considerable justification in view of Greece's past and its continuing contribution to UN activities. (C Athens 3545, 21 Apr 51). COMMENT: Although Greece's geographical position enables it to represent either the Eastern European or the Arab-Near Eastern nations on the Security Council, Greek candidacy for the seat now held by Yugoslavia stands little chance of success. The Soviet bloc would argue that Greece does not properly belong in the Eastern group. The non-Soviet bloc similarly might oppose Greece on the grounds that Soviet fear of a preponderately Western membership on the Security Council would only aggravate East-West tension and encourage the USSR to establish a competitive organization of its own.
- "B" LEBANON. Criticism Over Inadequate MAC Authority. According to US Minister Pinkerton in Beirut, practically all incidents along the Lebanese-Israeli frontier have been simple and have been handled by the UN Mixed Armistice Commission (MAC) without undue friction. In commenting on the general Israeli-Arab frontier problems, however, Pinkerton reports that considerable criticism has been voiced over the fact that the various MAC's have no machinery to impose their decisions with the result that no reliance can be put on the MAC in the event of a serious situation. (See OCI Daily Digest, 17 and 19 Apr 51). Pinkerton believes that much of this criticism could be avoided if the chairman of the UN Truce Supervision Organization (TSO), which controls the various MAC's, would be promptly and forcefully backed in the event that either side disregards the TSO decisions. Pinkerton states that disrespect for the authority of the MAC's snowballs with each incident and that unless they actually have authority, the strength of the personnel is of little consequence. Pinkerton adds that complete backing for the TSO seems to be the only way to avoid (1) an increasing number of appeals to the Security Council, (2) complete loss of confidence in the UN as an effective body, or (3) an ultimate outbreak of hostilities. (S Beirut 589, 23 Apr 51). COMMENT: The urgent need for definitive UN authority so that recurrent incidents along the entire Israeli-Arab frontier may adequately be handled has been previously stressed by US Ambassador Davis in Tel Aviv and US Minister Cannon in Damascus, as well as by the reports of UN observers and US press correspondents in the area.
- "B" IRAQ. French Concerned Over Iraq Oil Problems. French petroleum company officials in Baghdad have indicated to US Embassy officials their serious concern over the Iraq oil problem (see OCI Daily Digest, 30 Mar and 5 Apr 51).

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The French officials emphasized among other points the lack of harmony among Middle East oil companies as to crude price, reduction in steel pipe deliveries, delays in constructing the new pipeline to the Mediterranean, and the complexities resulting from the Iraq Petroleum Company's (IPC) income being subjected to the tax laws of the US, UK, and France. The French also felt, according to US Embassy Baghdad, that the Iraq Government might delay action on IPC until the Iranian oil dispute is settled in order to adjust any new IPC profit-sharing to the pattern set in Iran (the recently concluded Saudi Arabian agreement with ARAMCO is also to be used for this purpose). (S Paris 6407, 21 Apr 51). COMMENT: The IPC has reacted quickly to the dangers posed against its own operations by the Iranian clamor for nationalization of the oil resources in Iran. However, the French, as well as other interested parties, recognize that the complexities of IPC organization and operations make it more difficult to achieve a satisfactory settlement in Iraq. Possibly as important in this connection as management problems is Iraq's basically unstable political situation which might subsequently force the government to respond more clearly to popular pressures, such as the nationalization demands, than it has done so far.

"C" INDIA. Doctors Urge Prime Minister Nehru to Rest. According to press reports, Prime Minister Nehru has been advised to take a short rest since overwork and exhaustion are threatening his health. (U NY Times, 17 Apr 51). COMMENT: Nehru has shouldered a tremendous burden for a long time. Heretofore, he has shown no signs of weakening under the strain.

"B" No Revaluation of Indian Rupee at Present. The Indian Finance Minister announced in Parliament on 10 April that the Indian government has decided it is not now in the interests of the country to revalue the rupee. (U New Delhi 2773, 11 Apr 51; U New Delhi 2777, 11 Apr 51). COMMENT: Some Indian economists and businessmen have been urging that the rupee be revalued, and rumors have been rife that such action was pending. The government claims that revaluation would produce an unfavorable financial situation. The announcement by the Finance Minister presumably scotches the rumors of revaluation - at least for the time being.

"A" INDONESIA. Communist-led Labor Plans Large Scale May Day Demonstrations. The press reports feverish activity by both the Indonesian Communist Party (PKI) and the Communist-led Central Organization of All Workers of Indonesia (SOBSI) in preparing large scale May Day demonstrations throughout Indonesia. Possibly indicating the direction of the demonstrations is SOBSI's recent press warning to the prospective Cabinet that it must (1) repeal the Government's 14 February strike ban, the state of seige law (under which the strike ban was proclaimed), and all "colonial laws"; and (2) take positive measures against armed terrorist gangs (a statement obviously aimed at combatting reports of SOBSI support of terrorist groups). (C Djakarta 1470, 21 Apr 51). COMMENT: Communist groups have been relatively

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quiet during the cabinet negotiations, but with increased evidence of efforts to form a moderate coalition cabinet--which would exclude leftist groups--SOBSI and PKI undoubtedly feel the necessity to reassert themselves vigorously.

"A" INDOCHINA. Ho Chi Minh Radio Stresses Long-term Struggle. General Vo Nguyen Giap, C-in-C of the armed forces of the "Democratic Republic of Vietnam" (DRV) has announced that "the main objective in the present state is to annihilate the main forces of the enemy and not yet to liberate territory." Another broadcast on the same day referred to "this hard, long-drawn-out resistance of the people." It was also stated that a production drive lasting from 1 May to 19 December 1951 would form part of "preparations for a general counteroffensive." (U FBIS 19 Apr 51). Intelligence from several sources tends to support the conclusion that the DRV is returning to a more defensive strategy and that it will be unable to launch a large-scale decisive offensive before the end of the rainy season in September.

"A" De Lattre Fears Teamwork of Chinese and Vietnamese Communists. In a conversation with US Minister Heath, General De Lattre stated that it seemed clear to him that the entry into northwest Tonkin of a Chinese Communist battalion was the result of a request from, or perhaps a bargain with, Ho Chi Minh to support Viet Minh pressure on the French post at Laichau and thus divert French troops from the delta or, failing that objective, to assist the Viet Minh in establishing themselves in the Laichau region. De Lattre explained that his quick airlift to Laichau had forced both the Viet Minh and Chinese forces back and he expressed the belief that the latter have now retired across the border. De Lattre saw no indication of an early invasion in force from China but he is concerned that Ho was able to obtain the support of Chinese Communist troops. He said this time the Chinese committed only a battalion but "next time it might be a regiment or more." (S Hanoi 598, 22 Apr 51).

"C" AUSTRALIA. Election Developments. Although all polls show a moderate swing to the Liberal-Country Party Government, privately some Liberal leaders have expressed concern over the possible outcome of the election. While Liberal headquarters is hopeful of capturing enough seats to win control over the Senate, US Consulate General Sydney feels the vote will be "shockingly close" in view of the greater appeal which Labor's anti-inflationary program has in contrast with the Liberals' anti-Communist theme. The US Consulate at Melbourne reports that a Senate deadlock is forecast and notes that, despite good publicity, formation of a Pacific pact is felt to be in US interests and has aroused little reaction. (C Sydney 389, 24 Apr 51; C Melbourne 58, 23 Apr 51). COMMENT: Unless the Government wins control over the Senate, it will again be faced with delays and opposition to its legislative program thus probably forcing another election at an early date.

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- "A" CHINA. Peiping's View of Global Hostilities. A usually reliable source reports the Chinese Communist view that, while the "capitalist" governments will inevitably provoke a world war to avoid being overthrown, this event is unlikely before the end of 1952, due to heavy losses in Korea, internal conflicts, and incomplete mobilization. Peiping further believes, according to this source, that Chinese Communist "defense" preparations will be completed by the end of 1952, and that the Soviet bloc, assisted by revolutions in Western nations, would win the conflict even if it were to break out prior to that date. (S Hong Kong 3099, 20 Apr 51). COMMENT: The above view, insofar as it relates to the causes of a world war and a Communist victory in it, states the orthodox Communist position. Although the Peiping regime has clearly been preparing, over the past year or more, for eventual global hostilities, there has been no confirmation of various reports alleging that Peiping anticipates such hostilities at some definite time.
- "C" Epidemics Feared in Nationalists Armies. A recent report of several cases of bubonic plague among Nationalist troops on Chinmen Island has caused concern over possible epidemics this summer. The shortage of drugs and vaccines, steady deterioration of general sanitation conditions, and the lack of basic hygienic concepts were cited as factors which could seriously affect the combat efficiency of the Chinese Nationalist Army. (S Joint Weeka 16, Taipei, 21 Apr 51). COMMENT: Figures compiled by the US Army Attache on the ground forces for the summer of 1950 give a death rate of 8.6 per thousand from illness and an average daily sick rate of 150 per thousand among only those ill enough for hospitalization or doctor's attention. Causes of death, in order of importance, were malaria, dysentery, bronchitis and tuberculosis. The military attache feels that any increase in these high figures would seriously alter the combat potential of the Nationalist forces.
- "C" Statement of Tibetan Delegate to Peiping. Chungking radio, summarizing a recent speech in that city by Sawang Ngabo, head of the Tibetan delegation en route to Peiping, attributes to Ngabo the statements that (1) he has learned of the "sincere desire of the Chinese Communists...for true cooperation with the minority nationalities," and (2) consequently, he is "exceedingly willing to proceed to Peiping to negotiate a successful liberation" of Tibet. Shanghai radio announces the arrival of Ngabo at Peiping on 20 April. (R FBIS 21-23 Apr 51). COMMENT: If Ngabo is accurately quoted, the Tibetan delegation appears prepared to accept Peiping's definition of Tibet's status.
- "C" JAPAN. Preliminary Election Returns Show Conservative Strength. Still incomplete election returns give an overwhelming victory to conservative candidates in the local elections held yesterday. Of 165 definitely elected mayors, at least 140 are considered conservative. The Communist party failed completely, with no Communist candidate even coming close to being elected. (R FBIS Ticker 24 Apr 51). COMMENT: The majority of the

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local officials run as independents, so party lines are not sharply drawn. However, the strong conservative vote had been anticipated, (see OCI Daily Digest 23 Apr 51), and if repeated in next week's gubernatorial elections, the Yoshida Government will claim a clear-cut mandate for its pro-Western policies.

"C" KOREA. US Official Urges Korean Tungsten Output Expansion. Ambassador Muccio reports that funds turned over to the Army by ECA in Korea do not provide for equipment for the Sandong tungsten mine. Muccio further reports "he is informed" that the mine could - at capacity - supply about 25% of the US annual tungsten requirement. (S Pusan 884, 21 Apr 51). COMMENT: Although there are divergent views on the reserves of the Sandong mine, it is generally agreed that it is one of the world's three largest tungsten deposits. ECA had elaborate plans in 1950 for reviving production at Sandong (in western Korea south of the 37th Parallel), but the dislocations of war forced diversion of funds elsewhere.

"C" ROK Government Upset over UN Delay in Settling ROK Currency Advances to the UN Military Establishment. Ambassador Muccio reports that both President Rhee and Prime Minister Chang are continuing to press for dollar settlement of ROK won advances to the armed forces of the Unified Command. The Ambassador notes that it is extremely difficult to convince the Koreans that dollars received by the UN for sale of ROK currency to individual soldiers for purchases in Korea should accrue to the US rather than to Korea. The argument that the ROK is being supplied with consumer goods and raw material to sustain the civilian economy is wearing thin with the disestablishment of ECA and the slowness of UNKRA's activation. The Ambassador believes that some action should be taken to effect provision of foreign exchange for necessary ROK purchases in order to keep faith with the ROK. (S Pusan 892, 23 Apr 51). COMMENT: The necessary preoccupation of the Unified Command with military matters in Korea has over-shadowed the desperate economic needs of the country. Further economic dislocation can be expected until UNKRA begins active operations.

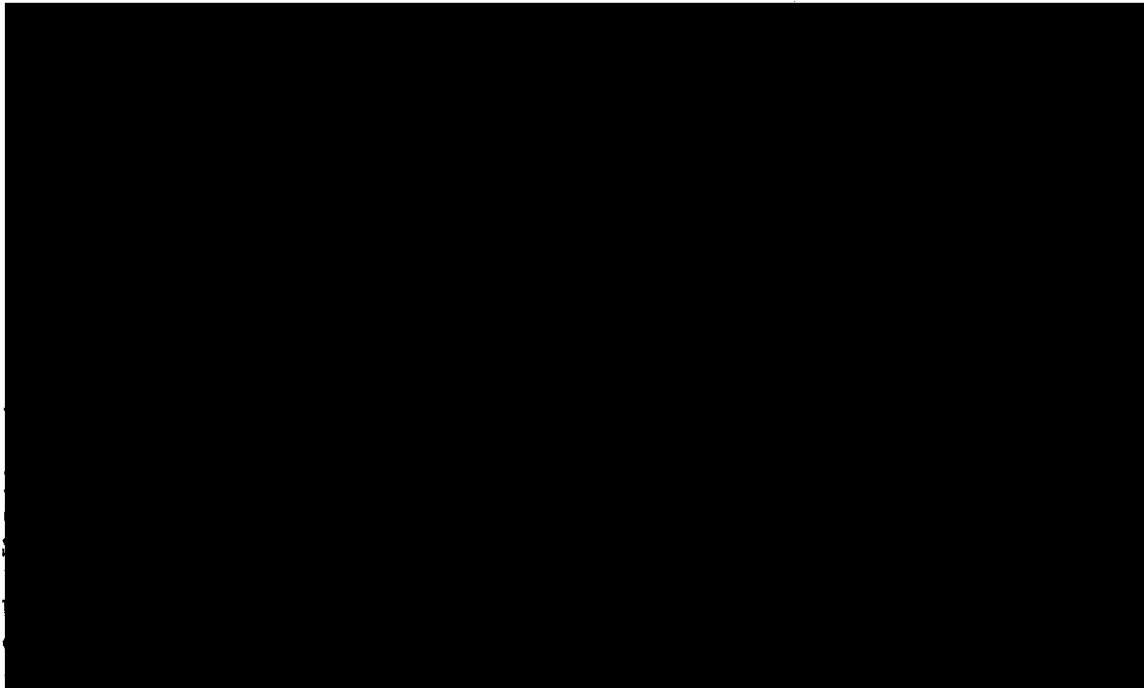
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SECTION 3 (WESTERN)

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"A" FRANCE. French Communists Urge Big-Five Peace Pact. Agitation for a Big-Five peace pact became the principal propaganda theme last week in the French Communist Party's (PCF) peace campaign, and may constitute a build-up for a new Soviet diplomatic move. This change in emphasis from German rearmament was highlighted by a PCF Politburo communique devoted exclusively to an appeal to Communist militants and peace partisans for a nationwide campaign for a peace pact in line with the decisions of the Communist-led World Peace Council. The French National Council for Peace reinforced this appeal by calling for a similar popular mass movement. (C Paris Weeka #16, 20 Apr 51). COMMENT: The struggle against German rearmament carries an emotional connotation which the PCF has been exploiting very effectively. In the event the Big-Four Conference fails to materialize, this new theme will undoubtedly find considerable support in France, particularly if, as a result of the situation in Korea, a general war becomes more threatening.

"C" AUSTRIA. Tensions Within Government Coalition. Serious, but not vital, tensions have recently developed in the Government between the People's Party and the Socialist Party. The general suspicion of Socialism felt by the People's Party is leading an increasing number of its members to favor a dissolution of the coalition. Their dissatisfaction is focused on Socialist Minister of Transportation

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and Nationalized Industries Waldbrunner, whom they charge with using his office to build "a Socialist industrial empire" and with hiding Socialist malfeasance in the nationalized industries. (Waldbrunner's predecessor in this office--a member of the People's Party--departed amid Socialist accusations of corruption.) The situation is also aggravated by Socialist fears that in the current presidential campaign the People's Party would make some kind of deal with the rightist League of Independents. Nevertheless, the view of the Socialist leaders is that, despite the antagonistic attitude of the People's Party, the coalition must go on. (S Vienna Despatch 977, 20 Mar 51). COMMENT: Friction has developed many times since 1945 between Austria's coalition partners, but an adjustment has always been made, primarily based on the realization by both partners of the importance of presenting a united front to the Soviet occupation.

"C" ITALY. Communists Seek to Revitalize Partisans Organization and to Recruit For their Apparato. The Communist Party (PCI) is reportedly pressing its youth federation (FGCI) members to join the Communist-dominated National Partisans Association (ANPI), composed primarily of partisan fighters in World War II and closely connected with the Communist para-military organization, the Apparato. (S Rome Weeka #16, 20 Apr 51). COMMENT: The Communists probably hope by this tactic to inject new blood into the ANPI, which has lately been losing members because of dissatisfaction with PCI policy. Incorporation of the heavily indoctrinated Communist youth into the ANPI would strengthen the latter's potentialities as a recruiting ground for the Apparato, which the Communists continue to build up concurrently with their peace campaign. On the other hand, it would probably cause further withdrawals among those members of the ANPI who are opposed to the Communists' use of their patriotic organization for political ends.

"C" Vatican and Catholic Action Disagree Over Magnani-Cucchi Movement. The Vatican reportedly disapproves of the publicity which the propaganda organs of Catholic Action, Vatican lay organization, have recently given to the defections of the Italian Communist Deputies, Cucchi and Magnani. Catholic Action propaganda apparently extolled them as courageous in detaching themselves from the Italian Communist Party. Vatican authorities point out that the two Deputies "have repeatedly confirmed their beliefs in Communist ideology." Consequently, as far as the Church is concerned, they are considered excommunicated. COMMENT: This disagreement between certain Vatican authorities and Catholic Action leaders reflects the growing cleavage between conservative and progressive elements both within the Church and among Italian Catholics in general. The reported Vatican opposition is consistent with the Pope's previous reservations regarding collaboration between the Christian Democrats and the democratic Socialists, a stand which he

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later modified. Several members of the hitherto Vatican-sponsored Christian Democrats now favor the development of a loyal opposition to the Government, presumably in the shape of the contemplated fusion of democratic socialist parties, with one component of which Magnani and Cucchi have maintained close liaison.

- "B" ITALY. Local Elections Reportedly to be Fought on International Issues. Over two-thirds of the Italian electorate will participate in the municipal and provincial elections scheduled for the period 27 May-10 June. The campaign will be fought on the basic issues of Italy's pro-Western orientation and East-West struggle rather than on local issues. (S Rome 4803, 23 Apr 51). COMMENT: If the issues are international rather than domestic, the Communists will lose votes to the anti-Communist bloc, which would gain cohesiveness in the absence of conflict over domestic issues. In particular, Premier De Gasperi's Christian Democrats will tend to gain support at the polls from segments of the electorate which might otherwise cast their votes for the small democratic Socialist parties or for right wing groups.
- "B" SPAIN. Workers' Protest Strike Spreads. A general strike has broken out in the Bilbao area, province of Vizcaya, scene of the first organized large-scale strike against the Franco Regime in 1947. The work stoppage involves an estimated 250,000 workers. Preventive arrests of potential leaders were made over the weekend, and Vizcaya Governor Riestro Diaz threatened severe reprisals against strikers who failed to return to work this morning. There has thus far been no evidence of repressive police action or public violence. (C Bilbao 33, 23 Apr 51 and 34, 25 Apr 51; U NY Times, 24 Apr 51). COMMENT: Causes of the strike are fundamentally the same as those that precipitated the more violent demonstrations in Barcelona last month, namely discontent with insufferable economic conditions and with maladministration and corruption in the Government. Clandestine non-Communist labor groups, specifically the Basque Nationalist-Socialist-Republican coalition, are taking advantage of the Spanish workers' grim determination to voice their grievances and of the sympathy obviously extended to them by all classes of Spaniards. In this the Bilbao strike differs from the Barcelona one, in which the Falange apparently was the principal instigator.
- "B" ICELAND. Strike Possibility Complicates Defense Pact Negotiations. The Cabinet has approved the draft US-Iceland Defense agreement and the Government leaders are now discussing the possibility that the agreement may not need to be submitted for Althing approval. Meanwhile, the Government has learned that a Communist-directed strike, which might assume the proportions of a general strike, is tentatively scheduled for 18 May. The Foreign Minister has therefore expressed

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a desire to have the first contingent of US troops provided in the agreement arrive prior to that date, preferably no later than 3 May, by which time he is certain the agreement will be signed. (TS Reykjavik 210, 18 Apr 51 and 214, 20 Apr 51). COMMENT: It is impossible to assess how serious the alleged possible strike may be, since apparently both the Government and the Social Democrats (the non-Communist labor party) have been taken by surprise at news of the planned strike, and it is not even reported which Communist union is behind it. An all-out strike by Dagsbrun, (unskilled workers in Reykjavik), the largest union in Iceland, could tie up transportation in the whole island; threats of Dagsbrun strikes usually appear each spring, but none have been serious in the past few years. The Foreign Minister in asking for the arrival of US troops before the possible strike date, indicated that he was thinking mainly of the practical difficulties that would be caused by their arrival at a time when transportation facilities were disrupted. He has, however, always insisted that US troop arrival should be almost simultaneous with the signature of the agreement so as to give the Icelandic public tangible evidence of the increased protection provided them by the pact.

"B" SWEDEN. Soviet Trade Remains at Normal Level under New Agreement. The Swedish Foreign Office has announced that the USSR has formally adhered to a trade agreement, negotiated some time ago, calling for an exchange of 40 million Swedish kronor (\$7.7 million) worth of goods in each direction. Soviet exports will consist largely of raw materials, such as manganese and chrome ores, asbestos, and animal by-products, while Swedish exports are to be iron and steel and various kinds of machinery. (R Stockholm 1249, 22 Apr 51; FBIS, 21 Apr 51). COMMENT: This agreement does not represent any radical change in the pattern of Swedish-Soviet trade. However, Swedish exports to the USSR in accordance with the terms of the five-year Credit Agreement concluded in 1946 are not included. Total Swedish exports to the USSR, which during 1950 amounted to 113 million kr. (\$21.8 million) including items delivered in accordance with the 1946 Agreement, can be expected to rise considerably in 1951 over the 1950 level, as goods contracted for under the five-year agreement are delivered.

"B" UNITED KINGDOM. Bevan Resignation May Stimulate Anti-US Feeling on Raw Material Problem. US Embassy London estimates that a major immediate effect of the controversial resignation of former Labor Minister Bevan may be to reinforce the already widely held feeling that the US defense effort is having damaging consequences on the British economy by making certain essential raw materials extremely scarce. (C London 5571, 23 Apr 51). COMMENT: This estimate is well grounded in concern previously expressed by UK officials and the responsible press over Britain's raw material situation. (See OCI Daily Digest, 21 Mar 51).

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"B" FRANCE-MOROCCO. Juin Hesitates to Leave Morocco. [REDACTED]

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25X1C [REDACTED] Resident General of French Morocco, Juin is extremely unenthusiastic about serving under General Eisenhower in command of a "paper army", and would prefer to remain in Morocco where he would be available to head a French Government-in-exile, should France be overrun by the USSR. General Juin would like to eliminate the presence of the US in Morocco and anti-US sentiment which is on the increase among French nationals in Rabat reportedly stems directly from top officials in the Residency.

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[REDACTED] COMMENT: Although rumor has it that Juin is dissatisfied with his SHAPE assignment and wants to remain in Morocco until December 1951, Juin's civil cabinet director reports that the General is anxious to begin his new job and wishes to remain in Morocco only until the Sultan signs the reforms already agreed to. Juin's Algerian birth and long residence in North Africa tend to give him an exaggerated opinion of the importance of that area in relation to Metropolitan France, but his estimation of the prestige of the NATO position will probably counterbalance his personal preferences.

"C" ARGENTINA. Meat Shipments to the UK Renewed. The ten-months' suspension of Argentine meat shipments to Great Britain has been ended by a new one-year trade and financial agreement (signed 23 April), which mainly provides for a higher meat price and remittance of profits from Argentina to the UK. The agreement, which supplements the 1949 extensive trade and payments agreement, also reduces the stipulated volume of principal products, such as British fuel and tin and Argentine meat, to be exchanged. (U Buenos Aires 931, 23 Apr 51). COMMENT: Meat shipments were suspended in July 1950 after long price discussions during which the British demanded a reduction from the June 1949 price, while the Argentines wanted the price adjusted at least for sterling devaluation, since all payments under the agreement were in sterling and the British petroleum price was raised somewhat more than sterling devaluation. The new agreement should be mutually advantageous to the UK, whose meat ration has been severely reduced, and to Argentina, which has had to subsidize the meat industry.

"C" CUBA. Cuban Communists May Attend May Day Meeting in Moscow. It is reported that the Kremlin has invited prominent Communist leaders throughout the world to Moscow, ostensibly to attend the May Day celebration. According to the report, the real purpose of the convocation is to hold an important Cominform meeting. The Cuban Communists are said to be sending four representatives. (S Habana 506, 23 Apr 51). COMMENT: It is the usual practice of the Soviet government to invite Communist leaders throughout the world to Moscow every year for the May Day affair. No reports have been received to date which would tend to indicate that this convocation is a special one.

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE
DAILY DIGEST OF SIGNIFICANT S/S CABLES

24 April 1951

SECTION 1 (SOVIET)

- "B" YUGOSLAVIA. Quadripartite Conversations Regarding Yugoslav Arms Aid Under Consideration. US Embassy Belgrade recommends that any quadripartite conversation regarding Yugoslav arms aid be held in Paris. The Embassy believes that the French capital would be the best meeting place because of its proximity to SHAPE where Yugoslav officers could gain an appreciation of Western defense efforts, and because Paris is the least sensitive of the four capitals as the locale for Yugoslav military officials to meet with foreigners. (TS S/S Belgrade 1551, 20 April 51). COMMENT: As a follow-up to the current US-UK-French discussions on Yugoslav arms requirements, a quadripartite meeting to include Yugoslav military representatives is being considered in order to further clarify Yugoslav arms needs. The US and UK have previously suggested either Washington or Belgrade as a suitable meeting place.
- "B" USSR. Soviet Spokesman Emphasizes Importance Armaments Question. In an informal conversation with US Minister Bohlen in Paris, Soviet Ambassador to East Germany, Semenov stated definitely that the armaments point was the chief Soviet preoccupation. Bohlen informed Semenov that in his opinion the Soviet purpose at this conference was basically to ascertain whether or not the Soviet Union could force abandonment of present Western policies and that this was the real meaning behind the discussion of wording on armaments point. Semenov did not flatly deny this thesis but made an oblique reply to the effect that in the absence of substantive agreement no power could be bound. Semenov commented that in his view it was "laughable" to believe that wording of an agenda could in any way restrict the right of any Minister to discuss any aspect his government desires. (S S/S Paris 6426, 23 Apr 51).

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SECTION 2 (EASTERN)

"A" CHINA. Chinese Communist Belligerency. US Ambassador at New Delhi reports information from Indian Foreign Office to effect that GOI Ambassador Panikkar at Peiping has advised against making any further "peace approach" to Communist China at this time. Panikkar feels that the Chinese Communists, "particularly" because of alleged bombing of the Fukien area by US aircraft, are in a "belligerent frame of mind". (S S/S New Delhi 2929, 22 Apr 51). COMMENT: Aircraft of the US 7th Fleet conducted reconnaissance flights over parts of the Southeast China coast on 11 and 13 April; the Peiping radio has alleged that these planes strafed and killed civilians in the area, and that other US aircraft bombed Manchurian cities in early April. It is not known whether these incidents have contributed to Peiping's continued belligerency. There has been no evidence, before or since the incidents, that Communist China was or is prepared to modify its conditions for a "peaceful settlement" in Korea.

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