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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

Date: APR 27 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)

"A" USSR. Embassy Views Soviet Intentions Unaffected by Year's Setbacks. In their preliminary annual report on Soviet intentions, Embassy Moscow notes that the USSR is employing separately and in combination political, psychological, economic and military weapons in the prosecution of a total war against the free world. (1) Politically - psychologically, they concurrently use "peace" campaigns and increasing war-scare tactics; (2) Economically, they continue to build USSR military potential and consolidate Satellite economies to this end; (3) Militarily, they have committed subservient regimes, which they covertly support, to open aggression. Believing that the Kremlin will intensify to the maximum the drive toward their objectives, the Embassy anticipates that the Soviet leaders are prepared to incur major risks of precipitating global hostilities. However, probably because they are presently uncertain of victory in war, they wish to avoid committing their own armed forces, and instead apply continued pressures of the types mentioned, believing they will eventually create a situation more favorable to "engaging their ultimate weapon." Nevertheless, the Embassy and particularly the service attaches, feel that the USSR's present relative military strength and its future diminution as a result of Western defense efforts could lead the Kremlin to "cast the die without delay." The Embassy feels that Korea and implementation of NATO have been setbacks to the USSR during the past year, but concludes that maintenance of the present uneasy balance and eventual improvement of the situation depends on the West's determination and unity in rapidly increasing resistance forces to the extent necessary to convince the Politburo of the inevitable disaster of a military adventure. The Embassy is convinced that Western Europe is still the center of danger for the US, but that threats to Asia and the Middle East are of "serious import." (TS Moscow 1869, 25 Apr 51).

"B" Moscow Announces May Day Slogans. The slogans, issued by the Central Committee of the All-Union Communist Party of Bolsheviks, again proclaimed May Day as a day of "proletarian solidarity" to be celebrated in a "battle for peace" against Western aggression. The first 12 of the 59 slogans deal with international affairs, hailing all peoples fighting for peace. Special greetings were sent to the Chinese people "who have won freedom and independence," and to the peoples of Korea, Germany, Yugoslavia, and colonial countries, who are fighting for "national independence." The remainder of the slogans exhort the workers of the USSR to further economic successes, linking the struggle of economic rights with the struggle for peace." (U FBIS, 26 Apr 51). COMMENT: The May Day slogans are always a recapitulation of practically all major themes of current Soviet propaganda. For this reason, four new slogans were interjected to bring last year's list up to date. (1) Greetings to the freedom-loving Korean people. (2) "Long live the foreign policy of the Soviet Union, a policy of peace and security, equality of rights, and friendship of

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peoples." (3) Reference to the National Economic Plan for 1951. (4) Call for the successful constructions on the Volga and the Dnieper, the Don and Anu-Darya. In addition, last year's term "warmonger" was spelled out to mean "US, British, French, and other millionaires."

"B" EASTERN EUROPE. CZECHOSLOVAKIA. Oatis May Be Used in Possible Clementis Trial. US Ambassador Briggs cables from Praha that the arrest of William N. Oatis (see OCI Daily Digest, 26 Apr 51) may be an integral part of Communist plans for a trial involving Clementis and numerous others, possibly including the Fields, with important albeit undisclosed issues and purposes. He states that charges against Oatis follow the usual Communist pattern, in which the sense of justice is so perverted that there is practically no chance of obtaining Oatis' release prior to the trial and that his conviction is virtually assured regardless of his innocence. Briggs advises that a cautious approach may be best for Oatis; however, a protest alone would probably be futile. Cautioning that the US must recognize the limitations and possible consequences of actions that it may take, the US Ambassador suggests two possible courses of action: (1) retaliation against Czechoslovak correspondents in the US or Germany; and (2) prohibition of all non-official US travel to Czechoslovakia and the immediate departure of all non-official US citizens from the country. (S Praha 363, 26 Apr 51).

"B" RUMANIA. Rumanian Manpower Pool Increased. The recent mass dismissal of white-collar and other employees in State and other offices and plants is estimated by Legation Bucharest to approximate 20 to 40%. Although dismissed employees were reportedly told that the reason was "budgetary," the Legation speculates that a more important reason may be the urgent need for manpower in Government electrification, industrialization and construction programs. A recent presidium decree, which cuts the period of schooling for Rumanians from 11 to 7 years, is also probably intended to increase the manpower pool. (C Bucharest 704, 20 Apr 51).

"B" Transport Workers Dismissed. [REDACTED] 25X1X
[REDACTED] formerly from Ploesti, reports that in mid-March 1951 at least 2,000 railroad personnel in Bucharest were dismissed and replaced by "young graduates who are thoroughly indoctrinated with Communist Party creeds." [REDACTED] COMMENT: Although it is possible that the dismissals may be a part of the general dismissals taking place in Rumania of State employees, it is more likely that the reported dismissals of railway employees are indicative of tightening Soviet control of the railroads. A decree of the Rumanian presidium reported in early April (OCI Daily, 10 Apr 51) created a separate Ministry of Transport in conjunction with reorganization of the old Ministry of Communications. 25X1A

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SECTION 2 (EASTERN)

"C" GREECE. US Embassy Analyzes Municipal Elections. US Embassy Athens reports that most Greek municipal election returns are now in and that in general there has been a slight swing to the right, some decrease in leftist strength and a slightly lower vote for the left-center National Progressive Union (EPEK) of Plastiras than was predicted. The Embassy comments that the most important results appear to be that the feared swing to the left did not materialize, the women's vote did not tip the scales in favor of the Communists, and that the government's tenure has not been seriously jeopardized by the results. While the municipal elections appear, on the whole, to have been beneficial since they decreased fear of the left, the general feeling continues to be that national elections will be necessary by the late summer or early fall. (C Athens 3623, 25 Apr 51; U Athens 3474, 16 Apr 51). COMMENT: The general effect of the elections appears to have been to strengthen slightly the current government in Greece. EPEK's relative political standing is apparently not strong enough to challenge the government successfully, although EPEK has retained and perhaps increased its strength in some areas. Moreover, while leftist dominance in a few areas seems certain, municipal governments in Greece do not have much power, and leftist representation in municipal councils is not likely to do much harm or to advance the Communist cause appreciably except possibly in propaganda matters. While Plastiras has reportedly reaffirmed his support of the present government, agitation for national elections will undoubtedly continue, and they may well be held next fall.

"B" IRAN. Parliamentary Commission Urges Government Control of Anglo-Iranian Oil Company (AIOC). A special Parliamentary Oil Commission voted on 26 April to ask Parliament to set up a 12-man Iranian government board to "take immediate control of the AIOC." This move followed rioting in Resht where a number of persons was injured. Parliament is expected to meet Saturday or Sunday to act on the proposal. If it is approved, the 12-man board would be empowered to take over the activities of the AIOC immediately. (U New York Times, 27 Apr 51). COMMENT: The difficulties involved in Iranian control and/or operation of AIOC do not in any way seem to have daunted Parliament's enthusiasm on the issue. There is no indication that either the AIOC or the UK, which have apparently been banking on the assumption that Iran would not go through with the proposed nationalization, has taken any positive steps to forestall such action. While the board proposed by the Oil Commission would appear to be an interim control body to be succeeded by an Iranian operating company, it is doubtful whether the UK-Iranian cooperation necessary to assure the UK any real voice in that company will be forthcoming.

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⁹⁰C⁰⁰ SYRIA. Lt. Col. Shishakli Becomes Chief of Staff. On 23 April the Syrian Ministry of Defense announced the appointment of Lt. Col. Shishakli as Chief of Staff replacing Lt. Col. Bannud who was designated Military Attache to Turkey. Field Comment: The elevation of Shishakli to Chief of Staff seems to foreshadow no change in Syrian Army policy but confirms behind-the-scenes control of the army which Shishakli has exercised since the coup d'etat of December 1949. The fact that Bannud is a relative of former Prime Minister Qudsi—whose cabinet fell recently—probably also enters into his removal. COMMENT: Shishakli has managed to remain somewhat in the background but has been the real power in Syria since December 1949. The recent discussions held by Shishakli in Cairo with Egyptian officials and Prince Feisal, Saudi Arabian Defense Minister, strengthened Shishakli's position in the Arab world and probably improved his personal relations with the Saudi Arabian Government.

⁹⁰E⁰⁰ INDIA. Government Bans Export of All Rubber Tires and Tubes. On 19 April the Government of India banned the export of all varieties of rubber tires and tubes. Various Government officials stated, however, that (1) tire and tube shipments to Pakistan might be permitted under the trade agreement with that country, (2) it might be difficult to prevent the export of war surplus tires under the embargo as the Government had sold many tires to Indian buyers during the last three years with a guarantee of the right to export, and (3) the ban might be relaxed shortly to allow exports, probably by manufacturers only, to "traditional markets". Trade circles in Bombay considered the ban a step to clear the air prior to renewal of tire exports under a new system of controls. (U New Delhi 2857, 16 Apr 51; C New Delhi 2858, 16 Apr 51; C Bombay 554, 18 Apr 51). COMMENT: Many Indian tires and tubes have apparently been finding their way into Communist China, and the US has approached the Government of India with a view to ending this traffic. The present ban on tire exports may therefore result partly from US representations and partly from Indian embarrassment over the publicity these exports were receiving, though the GOI would never publicly admit that the embargo was aimed primarily at China. As the above comments by Indian officials and trade circles suggest, however, the ban may be neither absolute nor lasting. Indian friendship for China as well as India's "neutral" foreign policy will undoubtedly affect a final decision regarding permanency of the ban. Repeated US protests against continued exports to China or threats of a US embargo on carbon black (which is necessary for the manufacture of tires) may raise Indian outcries of "economic dictatorship" or "power politics".

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"B" INDIA. Trade With China. On 19 April, Indian Commerce Minister H.K. Mahatab told Parliament that during 1950 India's exports to China were valued at Rs. 24,000,000 (\$5,040,000), and included chemicals, shellac, and rubber products. Imports from China, worth Rs. 5,000,000 (\$1,050,000), included drugs, medicine, camphor, machinery, cotton, and raw silk. The balance of trade was favorable to India by Rs. 19,000,000 (\$3,990,000). (U New York Times, 20 Apr 51). COMMENT: If India has to import considerable quantities of Chinese grain in 1951 to ease its current food crisis, it will face a reversal of its balance of trade. Since India would undoubtedly wish to prevent an unfavorable balance of trade if possible, it might be disinclined to yield to pressure to limit the export of rubber tires and other automotive equipment to China.

"B" INDONESIA. Coalition Cabinet Formed. A Coalition cabinet including primarily members of the Masjumi (Moslem) Party and the Indonesian National Party (PNI) was announced on 26 April. The new government is headed by Sukiman, Chairman of the Masjumi, with Suwirjo of the PNI as Deputy Prime Minister. Other parties represented in the cabinet are the Greater Indonesian Party, the Indonesian Catholic Party, the Labor Party, the Indonesian Christian Party, the Party of Greater Indonesia, and the Democratic Faction. The Sukiman Cabinet's program, as announced, is based upon the following points: (1) preservation of domestic security; (2) drafting and implementation of a national welfare program; (3) preparations for a general election; (4) enactment of labor legislation; (5) pursuit of an independent foreign policy; and (6) revision of Netherlands-Indonesian relations. (R FBIS Ticker Djakarta, 26 and 27 Apr 51) COMMENT: The new cabinet, although headed by the Masjumi, indicates definite concessions to the PNI and a trend toward the left. Although it has stronger parliamentary support than the previous government, its members generally are less capable than those of the Natsir cabinet. Two of the most able men in the former government--both members of the Masjumi--Foreign Affairs Minister Rum and Finance Minister Sjafruddin--Subardjo, an opportunist who claims Masjumi affiliation but whose past career includes cooperation with Tan Malaka's "national Communist" movement. Sjafruddin has been succeeded by Wibisono of the Masjumi--a person of considerably less ability than his predecessor. The new Justice Minister, Mohammed Yamin, a non-party man, has distinguished himself chiefly in recent months by noisy demands for Netherlands New Guinea, and like Subardjo, worked with Tan Malaka in 1946. It may be significant that included in the cabinet are three of the four members of the Indonesian delegation to Moscow sent in April 1950 to discuss the establishment of diplomatic relations with the Soviet. They are Yamin, Wibisono, and Hadinoto--new Minister of Commerce and Industry. Apart from personalities, the Masjumi conceded to PNI demands principally in the realm of foreign affairs, having agreed to supplant the Netherlands--Indonesian Union charter by an orthodox international agreement and to accelerate revision of other agreements reached in 1949 between the two countries and to nullify those which are clearly inimical to Indonesian interests. The

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chief asset of the new cabinet is the fact that its inclusion of representatives from the two largest parties in the country should ensure strong parliamentary support. For this reason the government may feel capable of taking stern and necessary measures toward the achievement of law and order.

"B" PHILIPPINES. Quirino Fears US-Supported Coup. [REDACTED] states: "According to current conjecture among certain influential Philippine political leaders, President Quirino fears that the US is planning to support a coup d'etat aimed at placing Foreign Affairs Secretary Carlos P. Romulo and Defense Secretary Magsaysay in power." (Quirino is said to be jealous of Romulo's international prestige.) The President is now apparently endeavoring to remove his family and fortune from the Philippines in preparation for his own departure. [REDACTED]

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COMMENT: Quirino's jealousy of Romulo is well substantiated. US Embassy Manila previously reported Magsaysay's enemies had started a vicious rumor that the Defense Secretary was plotting an anti-Quirino coup and that Quirino probably believed this rumor. While there is no additional evidence that a coup is actually being planned, should Quirino be seriously convinced of such a plot, he would probably attempt to remove Romulo and/or Magsaysay from office or take other precautionary measures before voluntarily going into exile.

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"B" AUSTRALIA. Labor Gains in Election Campaign. In the last two weeks, Labor has shown to better advantage and it is generally believed that the Liberal-Country majority in Parliament may be reduced by the elections to be held on 28 April. The chances of a Liberal-Country (Government) majority in the Senate are considered "hardly better than even". (R Canberra 300, 26 Apr 51). COMMENT: The Liberal-Country Government is still favored to retain control of the House.

"A" INDOCHINA. Vietnamese Communists Proclaim Unity of Indochina. The adoption of "The Manifesto of the Joint Conference of Vietnam, Laos and Cambodia," proclaiming the unity of rebel organizations in the three countries was announced by the Ho Government radio on 23 April. The decision was purportedly taken at a conference of 11 March between representatives of the rebel groups--the Lien Viet of Vietnam, the Khmer Issara of Cambodia, and the Lao Issara of Laos. The basic task of the "alliance" was declared to be that of driving out "the French aggressors and the American interventionists." (R FBIS, 26 Apr 51). COMMENT: The intention of the Vietnamese Communists to establish their control over all of Indochina has become increasingly evident over a period of several years. During the early years of its existence (1945-49) Ho Chi Minh's Democratic Republic of Vietnam (DRV) avoided any suggestion of designs on Laos and Cambodia. DRV influence in these countries was gradually increased by infiltration of DRV guerrillas into the Laotian and Cambodian rebel (Issara) organizations. During 1950 the initial steps were taken toward organizing and publicizing joint action by rebel groups of the three peoples.

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Responsibility for and control over such "joint action" rests almost entirely with the Vietnamese Communists. There are no truly indigenous Communist movements in Laos and Cambodia. The effort to establish hegemony over all of Indochina has always been implicit in the real name of the organization which controls the DRV--the Indochinese Communist Party.

"B" Bao Dai Radio Bids for Southeast Asia Pact. In a radio broadcast denouncing Soviet imperialism, the Bao Dai controlled radio at Hue stated on 24 April that the countries of SEA should unite into one bloc, as did the Atlantic countries, in order to combat Communism. "If the US helps Asian countries to realize such a unity, the fight against the USSR will be more efficient." (U FBIS 26 Apr 51). COMMENT: During the past week Bao Dai told the US Minister in Saigon that he favored an anti-Communist pact among South Asian or SEA countries. The above radio broadcast embodies the first public endorsement by his government of such a pact.

"A" CHINA. Soviet "Heavy" Bombers Allegedly at Hsuehou. [REDACTED] 25X1X
 25X1X [REDACTED] on 20-21 April, 38 Soviet "4-engine heavy bombers" brought 500 Soviet air force personnel under the command of a Soviet Lt. Col. from Manchuria to Hsuehou. [REDACTED] 25X1A
COMMENT: The OCI Daily Digest of 14 April reported the assertion of an untested informant that 14 Soviet "long-range heavy bombers" under the command of a Soviet Lt.-Col. arrived at Changchun from the USSR on 24 March. According to the latest reliable description of airfields in the Hsuehou area, the longest runway is 5,000 feet, which is insufficient for large bombers, although it was rumored in November 1950 that the Chinese were building one of the largest airfields in the Far East at Hsuehou.

"B" KOREA. Further Developments in ROK Cabinet Crisis. Ambassador Muccio, reporting on the Cabinet crisis precipitated by President Rhee ostensibly over the "Kochang Massacre", states that although Rhee announced that the "Minister of Defense is hereby dismissed," there is considerable private speculation that Defense Minister Shin has made his peace with the President and that some face-saving way of retaining him is being sought. In this connection, outgoing Justice Minister Kim is reported by Central News Agency to have stated in a press conference that Shin has "misled" the President and, further, that Rhee is Shin's puppet. (C Pusan 908, 27 Apr 51; R FBIS 26 Apr 51). COMMENT: Justice Minister Kim's attack of Shin may be attributed to his knowledge that the President is trying to retain the Defense Minister. A long-standing jurisdictional conflict has existed between the Home Ministry (and collaterally the Justice Ministry) and the Defense Ministry. While both the Justice Minister and the Home Minister are influential members of the opposition Democratic Party, Defense Minister Shin owes his loyalty to the President. The rumored replacement for Home Minister Choe Pyongok is Lee Ki Bong, intimate of the President and the present competent Mayor of Seoul.

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- "B" KOREA. North Korea Presses Spring Planting. Two long broadcasts by the Communist North Korean radio indicate the emphasis being placed on food production in North Korea. One broadcast enumerated the number of military personnel who were using their "leisure" time to assist North Korean farm families in the "Sowing Front". The other broadcast states that farmers are making "brilliant efforts---in over-coming shortages of manpower and animals and persevering in the face of other difficult conditions." Following a long account of the acreage sown to various crops in North Korean provinces, the broadcast stated the "total area sown is 20% greater than that of last year." (R FBIS Ticker, 26 Apr 51). COMMENT: Major limiting factors in agricultural production in North Korea are the critical shortage of manpower, the loss of most of the work animals and the lack of sufficient chemical fertilizers. The emphasis placed recently on the "Sowing Front" illustrates the Communists' recognition of these problems and the probable necessity of planting greater acreage, using all available labor, to attain a sufficient yield.
- "C" JAPAN. Use of Imperial Plaza For May Day Denied by SCAP. According to the French Press Agency in Tokyo, the demand of the non-Communist trade union federation (Sohyo) to use the Imperial Palace Plaza for a May Day demonstration was flatly rejected today in a SCAP directive. (R FBIS Ticker 27 Apr 51). COMMENT: There is some danger that this decision, evidently designed to prevent a recurrence of Communist-inspired disorders on the plaza, may cause trouble between the police and moderate labor elements - a situation which the Communists will be quick to exploit.
- "B" National Police Reserve to Assume Military Unit Designators. Director-General Masuhara has announced that the 75,000 man National Police Reserve will take the form of a four division army next week. Each division will have four regiments of 3,000 men each. (AP Ticker 27 Apr 51). COMMENT: The change from "regional" units to military divisional designations appears to be a step in the direction of organizing the para-military police reserve along tactical lines.

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SECTION 3 (WESTERN)

"C" GERMANY. Federal Government Bans Communist Anti-Remilitarization Plebiscite. By a unanimous decision on 26 April the Federal Cabinet banned the Communist-sponsored "plebiscite against remilitarization and for the conclusion of a peace treaty", and ordered that the committees which have been organizing petitions for a plebiscite be dissolved. The Federal Government is requesting the Land governments to forbid the activity of the organizing committees under the article of the Basic Law prohibiting activities directed against the constitutional order. (U FBIS, 26 Apr 51; NY Times, 27 Apr 51). COMMENT: The Communists have been attempting to build up sufficient mass support to induce the Federal and Land governments to hold a popular referendum on the remilitarization issue, and will now claim that the government ban muzzles the voice of the people.

"C" Strengthening of Government Coalition. A working agreement has been tentatively established in the West German Bundestag between the Bavarian Party (BP) and the Christian Social Union (CSU), the Bavarian version of Chancellor Adenauer's Christian Democratic Union (CDU) and partner of the CDU in the government coalition. BP leaders announce that they have taken the initiative in this move to strengthen the coalition against the "impossible" obstructive tactics of Kurt Schumacher and his Social Democrats. While this agreement would ensure greater dependability of BP support for the Federal Government on many issues, it might also result in increased opposition to the government on issues involving states' rights or the exercise of centralized authority from Bonn. (C Bonn unnumbered, 20 Apr 51). COMMENT: Elements within the BP and CSU have been long attempting to bring about a merger or at least a working agreement both at Land and Federal levels between the two parties, which are not far apart in policy. The BP has in the past often supported the government, but has also led the particularist opposition to the Federal Republic.

"C" AUSTRIA. Soviet Business Expands in Western Austria. The organization of Soviet industrial enterprises in Austria (USIA) is reported to be increasing its activities in the Western-occupied zones through an expansion of its sales outlets, many of which bear the names of reliable old Austrian firms. Many individuals and merchants, unaware that the goods are USIA products, are buying from its outlets. USIA has also begun successful advertising activities. (U Vienna 2467, 25 Apr 51). COMMENT: Soviet interest in expanding sales, both of USIA products and of items illegally imported from the Satellites, has been apparent for some time. Aside from the financial profits of these sales, such expansion of USIA activities furthers Soviet economic penetration of Austria.

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- "B" NETHERLANDS. Transshipment of Copper Plates to Soviet Bloc Completed. According to US Embassy officials at The Hague, 312 metric tons of copper plates from India have been transshipped through Rotterdam to the Soviet bloc, although the Netherlands has fulfilled its COCOM (Coordinating Committee) obligations in this matter. These sheets, which probably were rolled from US war surplus in India, are strategic material urgently needed for the western European defense effort. The Netherlands Government supplied the US with all the information on the forwarder and delayed the shipment for two days. However, the Soviet-front Banque Commerciale pour l'Europe du Nord in Paris, financier of the shipment, is not subject to any controls by the French Government. Furthermore, French officials are unable to obtain information from French firms engaged in transit activities. (S Hague 1429, 26 Apr 51). COMMENT: Recent reports indicate the ability of Soviet bloc countries to obtain strategic commodities through transshipment and emphasize the need for stricter export control laws in each country.
- "B" SWITZERLAND. Swiss Consider Partisan Warfare. In outlining the present Swiss military situation, a high official of the National Defense Commission recently mentioned partisan warfare. This is the first time that a Swiss military figure has publicly discussed this type of warfare. He intimated that any Swiss partisan warfare would be waged within the confines of the laws of war and that partisan units would be under the direct supervision of responsible military bodies. This official also pointed out that the critical period for the Swiss is from now until 1953 while the army is being reorganized and reequipped, and that the defense plan of fighting an invader at any point, and of using the redoubt as a place to fall back to only as a last resort, was now generally accepted by Swiss military authorities. (R Bern, MA R-99-51, 16 Mar 51). COMMENT: This is a further indication of the thorough preparation that the Swiss are making against the possibility of Soviet occupation. The Swiss apparently realize that, although they will be able to put up a spirited defense, in the long run such defense will be reduced to well-prepared fortifications in their national redoubt area, plus such support as they may receive from partisan units outside this area.
- "B" SPAIN. Workers Defiance of Government Persists. Although the situation in the Basque industrial region of northern Spain has generally returned to normal, on 26 April workers in San Sebastian clashed with police while protesting the refusal of the authorities to release workers arrested in the two-day general strike of 23-24 April. (See OCI Daily Digest, 24 April 51) On the same day workers in suburban districts of San Sebastian staged a walkout during the morning. Textile workers in Manresa, Barcelona province, where the Government on 19 April closed all factories in order to prevent a "sitdown" strike in one

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cotton mill from spreading to others, (See OCI Daily Digest, 19 Apr 51), walked out in protest against the Government's failure to accede to their demands for increased wages. (U NY Times, 27 Apr 51). COMMENT: These incidents show a growing awareness on the part of workers of their own potential strength. They are, however, still only manifestations of discontent over economic hardships and do not have any political significance, except as a potential threat to the stability of the Franco regime. The government, while taking steps to improve distribution and price controls of basic consumer goods, is also endeavoring to shift blame for the economic conditions to foreign governments. Industry and Commerce Minister Suances, has stated publicly that world shortages, coupled with the hostility of "certain powers" toward Spain, are primarily responsible for the economic situation and specifically called attention to the "selfish reluctance" of the US to relieve Spain's most urgent needs. In the past, appeals to xenophobic Spanish national pride have helped Franco ride out crises.

"C" COSTA RICA. Plot Against the Government Still Active. The Costa Rican Foreign Minister is said to have received confirmation from a US arms dealer of the sale of 3 DC-3's and an unspecified number of bazookas to agents of the revolutionary leader, Rafael Calderón-Guardia. The source of this report also states that the airplanes together with their pilots and 14 others on the Calderón payroll are in Yucatan, Mexico, awaiting orders. [REDACTED]

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COMMENT: At least 48 Calderonistas have been jailed by the Costa Rican government during April in connection with a series of bombings that were said to be leading up to an imminent coup. Three further bomb attempts have occurred since the government round-up of suspected plotters, however, and it appears that the government has not yet fully unravelled the plot.

"C" MEXICO. Regional Meeting of Peace Partisans. An announcement in the pro-Communist Mexico City daily, El Popular, indicates that a peace meeting was scheduled for 22 April. Representatives of the national Peace Committees of Colombia, Costa Rica, Cuba, Guatemala, Panama, Mexico, and other countries were scheduled to speak. The principal topic was "The Conference of Ministers and the Peace". (U El Popular, 20 Apr 51). COMMENT: This appears to be a regional conference similar to that held on 13 April in Montevideo, major purposes of which were to attack the recent Inter-American Meeting of Foreign Ministers in Washington and to advance the Communist proposal for a Five-Power Peace Pact.

"C" URUGUAY. Busworkers' Union Breaks with Communist-Dominated UGT. The Organización Nacional de Obreros del Omnibus, largest busworkers' union in Uruguay, has severed its affiliation with the Communist-led

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Unión General de Trabajadores (UGT) and has resolved to establish itself as an independent union. Disgusted with the Communist Party and UGT leadership of a campaign to nullify an increase in bus fares recently decreed by the government in order to raise busworkers' salaries, the union members physically ejected most of their Communist and pro-Communist leaders from a meeting early in March and voted to break with the UGT in a general meeting on 30 March. The busworkers felt that the Communists holding office were more interested in working for the political objectives of the Communist Party than in supporting the interests of the union. (U Montevideo Desp 909, 2 Apr 51). COMMENT: Although the UGT is still the largest labor confederation in the country, the separation of the busworkers' union marks one further step in the weakening of its control over Uruguayan labor. (See OCI Daily Digest, 23 Jan 51). The growing disinclination of Uruguayan workers to act as tools for furthering international Communist objectives was recently manifested by the failure of many formerly subservient key unions to support the general strike called by the UGT to protest the Inter-American Meeting of Foreign Ministers. Further breaks from the UGT appear likely if Communist leaders continue to insist upon interjecting international political issues into union activities.

"C" VENEZUELA. Soviet Embassy Directing a Repatriation Program. The Soviet Embassy in Caracas is said to be "regularly repatriating" a series of largely unidentified individuals, and during February arranged passage for at least three. One of these was a Pole who told an airline clerk that he was being repatriated forcibly and asked for the address of the IRO in Lisbon, Portugal, where he said he hoped to escape from the plane. [REDACTED]

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COMMENT: This is the second report of Soviet interest in repatriating orbit-connected individuals residing in the Western hemisphere. (See OCI Daily Digest, 22 Apr 51). Doubt is cast on the purpose and good faith of the Pole's statements by the fact that he had sufficient freedom to arrange for his own passage and to reveal his alleged plight.

"B" UNITED KINGDOM. Importance of Raw Materials Problem Emphasized by New Cabinet Appointment. Richard Stokes, former Minister of Works, has been appointed to the Cabinet to replace the late Ernest Bevin as Lord Privy Seal; part of his duties will be to head a new department concerned with the procurement and distribution of raw materials. The decision to establish a new department for this purpose, which was formerly the joint responsibility of the Board of Trade and the Ministry of Supply, emphasizes the importance of the raw materials question which is straining US-UK relations. US Embassy London continues concerned about this source of tension (See OCI Daily Digest, 24 Apr 51) estimating that the US will, as

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a result of the Bevan and Wilson charges in Parliament, be blamed by the British public for unemployment and other hardships as shortages become more acute. (S London 5622, 26 Apr 51; NY Times, 27 Apr 51).

COMMENT: The new Lord Privy Seal, a prominent arms manufacturer, seems well-qualified for his new post on the basis of ability and industrial experience. Though a regular Labor MP since 1938, his own professional background and his reputation for independence of mind suggest that Prime Minister Attlee has chosen him partly as a minister likely to be regarded with favor in American business circles.

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

27 April 1951

DEPUTY FOREIGN MINISTERS' CONFERENCE

"B" Use of "Split Agenda" for Foreign Ministers' Meeting Discussed. In a meeting on 25 April of the three Western chief delegates to the Paris Deputy Foreign Ministers' Conference, UK delegate Davies told US delegate Jessup that he was now prepared to stand firm on the present wording of the armaments sub-item, since he was convinced the previous day that the wording of any changes acceptable to the West would not be acceptable to Soviet delegate Gromyko. Earlier Davies said that the UK would be ready to consider the device of a "split agenda" between Western and Soviet proposals if the West presented an agenda with German demilitarization first, and the Soviets still refused to accept the Western wording of the armaments item. Jessup has recently commented that Gromyko's attitude makes likely a complete impasse on the question of an agreed agenda. Meanwhile Soviet Ambassador to London Zarubin has been reported as observing that a Foreign Ministers' meeting had been held in 1948, although the agenda had not been agreed upon. (S S/S Paris 6455, 24 Apr 51; S S/S Paris 6462, 24 Apr 51; S S/S Paris 6486, 25 Apr 51; S S/S London 5604, 25 Apr 51). COMMENT: Although Zarubin is not necessarily in possession of Kremlin views regarding a Foreign Ministers' meeting, this is the first reported conversation between Soviet and Western representatives of the possibility that a meeting might be held without an agreed agenda. British willingness to consider the possibility of a "split agenda" and their firmness on the armaments item represent an approach to the US attitude and a departure from their previous position of willingness to concede to the Soviets on the armament agenda item. The change follows US representations to the UK Government over Davies' head, as well as another week of Soviet intransigence.

SECTION 2 (EASTERN)

"B" EGYPT. Effect of the Government's Counter-Offers to the UK Defense Proposals. US Ambassador Caffery in Cairo reports that the Egyptian counter-offers to the UK defense proposals follow the well-known Egyptian demands for early and complete evacuation of British forces from the Suez area with

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the right of return (1) in case of aggression against the UK, Egypt, or adjacent countries, and (2) in case of the union of the Sudan with Egypt and the resultant evacuation of British military and civilian personnel therefrom. According to Caffery, Foreign Minister Salaheddin told British Ambassador Stevenson that he expects to quiet Parliament's apprehensions with "some very pretty double-talk". Salaheddin left the impression with Stevenson that the negotiations might continue for "a while," but that it would not be possible to continue this game for many months. Stevenson himself feels that the best hope lies in the continuation of talks until the end of the summer. After that time Stevenson believes that "some other game will have to be invented" if repercussions are to be avoided. (TS S/S Cairo 1108, 26 Apr 51; TS S/S Cairo 1105, 25 Apr 51). COMMENT: The apparent intention of Egypt's top officials to refrain from making detailed public comments concerning either the UK defense proposals or the Egyptian counter-demands indicates Egypt's preference for a continuation of the bilateral discussions to a complete breakdown of the talks. The wide gap, however, between Egyptian and British thinking in regard to the Suez and Sudan issues -- coupled with domestic difficulties within each country -- makes it difficult for the talks -- or double-talk -- to continue indefinitely when there is no indication at all that any agreement will be forthcoming.

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