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24 August 1951

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DAILY DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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DIA and DOS review(s) completed.

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SECTION 1 (SOVIET)

1. USSR. New Soviet Ambassador to North Korea: On 16 August, Izvestia identified V. N. Razuvaev as Soviet Ambassador to North Korea in a report of sixth anniversary celebrations in Pyongyang. This is the first indication that former Ambassador T. V. Shtykov has been replaced. [redacted]

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Comment: There has been no reliable information concerning Shtykov's whereabouts since September 1950. Unlike his predecessor, who despite a general's rank held assignments chiefly as a political commissar, Lt. General Razuvaev commanded the Minsk Military District in 1945 and subsequently is believed to have had various staff assignments. In December 1949 he signed the obituary notice of Colonel General of Signals I. F. Korolev.

Razuvaev was chosen as a candidate to the Supreme Soviet by the Minsk Military District in January 1946 and was elected in the following month to the Soviet of the Union.

2. USSR demands strategic commodities from Western Europe in return for Soviet grain: The USSR delegate to the Economic Commission for Europe meeting has stated that Western European countries must be willing to export the same goods to the USSR as they did in 1949-50 in order to maintain the level of East-West trade of those years.

The Soviet spokesman refused to specify Russian grain availabilities but stated that the 1949-50 minimum of all Soviet goods could readily be increased, provided Western Europe was prepared to lengthen the list of exports or increase the quantities involved. The Western European countries had previously stated their requirements for bread and coarse grains.

The US observer at the meeting comments, and various WE delegates concur, that the proposal and the manner in which it was delivered "bear the earmarks of a major Soviet trade and propaganda offensive." [redacted]

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Comment: The USSR is apparently participating in this meeting to gain information for bargaining in the hope of undermining the entire Western export control program.

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3. EASTERN EUROPE. POLAND. Poland bars US shipping line: The Polish Government has notified the American-Scantic Line, which represents the US Moore-McCormack Line in Poland, that its license to operate in the country is revoked effective 31 December 1951. According to the notification, this action was taken because the US Government placed impossible restrictions on Polish shipping in the US. [redacted]

Comment: Curtailment of US shipping services to Poland will serve to eliminate one of the very few remaining direct contacts between the Polish people and the West. Polish shipping traffic with the Western countries, and especially with the US, has decreased steadily in favor of commitments within the Soviet Orbit.

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4. Poles demand strategic commodities from Switzerland: The Swiss Charge in Warsaw has informed the US Embassy that Swiss-Polish trade negotiations are in difficulties over the question of including ball bearings and aluminum in the agreement. The Polish demands are running in terms of "thousands of tons of aluminum" and "millions of dollars of ball bearings." The Poles are reported to be using coal, supported by foodstuffs, as their main bargaining weapon. [redacted]

Comment: This is the most recent evidence of repeated Polish efforts to exploit, in trade negotiations with Western European countries, its strong bargaining position arising out of its large supply of coal. Polish coal exports to Western Europe during 1950 totalled over 8.5 million tons, valued at approximately 112 million dollars. Swiss shipments to Poland of ball bearings and aluminum in anything like the amounts quoted would have to originate outside of Switzerland.

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5. YUGOSLAVIA. Government reduces compulsory delivery quotas for farm products: A recent government decree further reduces the volume of compulsory agricultural deliveries to the state. Compulsory deliveries on grain, olive oil, fats and wool, however, are extended through 1952. Producers may lodge complaints if they have legitimate grounds for being unable to meet their delivery quotas. On the other hand, local authorities are authorized to change the assessment of any individual farmer. [redacted]

Comment: Earlier this year, the government abolished compulsory deliveries on meat, milk, vegetables and fodder, in order to encourage agricultural production and to placate the peasants. Despite this concession, the peasants have deliberately slowed up the threshing of the wheat crop and have failed to deliver their assigned quotas to the government. On privately-owned farms, which cover almost 75 percent of

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Yugoslav agricultural land, only 60 percent of the wheat crop has been threshed; threshing is also lagging on cooperative farms. Although the new decree decreases somewhat the delivery quotas which the peasants must make to the state, it also serves as a warning that the government has no intention of abandoning the collective system.

6. Government rejects Cominform navigation rules for Danube: Yugoslavia has rejected the new rules of navigation for the Danube drawn up at the Galati Conference in June, and has formally notified the Danube Commission that it will draw up its own rules. These regulations will include all the proposals that were advanced by Yugoslavia at the Galati Conference but rejected by the Soviet-controlled majority. In its note to the Permanent Danube Commission, the Yugoslav Government declared that it specifically rejected the three following Soviet-imposed rules:

- (a) Each riparian state must give international traffic priority over internal traffic.
- (b) Ships involved in accidents are immune from boarding and inspection by representatives of the riparian state in whose territorial waters the accident occurred.
- (c) A special administration will be established in a sector of the Danube River near the Hungarian-Czechoslovak border. (The Yugoslavs argue that this provision is designed to choke off Yugoslav traffic with Germany.)

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Comment: The Yugoslav delegation walked out of the June session of the Danube Commission because the USSR and Satellite members proceeded to amend the Danube Convention over Yugoslav objections and rejected all Yugoslav proposals. Although the Yugoslav officials previously indicated that they would take no action to interfere with Cominform traffic on the Danube, the new note indicates that the Yugoslavs intend to adopt a tougher policy. Available evidence indicates increased Yugoslav reliance on railways rather than water transport for its commerce with Western Europe -- a step apparently made to protect Yugoslav river traffic to Germany and Austria from possible Soviet retaliation.

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SECTION 2 (EASTERN)

1. AFGHANISTAN. Government income from import and export duties: An Austrian expert's comparison of Afghan trade statistics and customs duty receipts shows that since 1941 the Afghan Government has received only a small percentage of the income it theoretically should obtain from customs duties on imports and exports. This is attributed either to lack of training on the part of Afghan customs officials and statisticians or to their corruption.

[REDACTED]

Comment: Afghanistan's internal economic situation presumably could be considerably improved by better administration and the establishment of an appropriate training program.

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2. PAKISTAN. Communist propaganda compares Communism and Islam: Communist propaganda in Pakistan describes the religious freedom of Moslems in the USSR and compares various features of Communism and Islam.

[REDACTED]

Comment: If this propaganda is successful, it will destroy the major argument advanced in Moslem countries to belittle the future of Communism -- i.e., that Communism and Islam are incompatible.

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3. INDIA. Propaganda discounts reports of Near Eastern support for Pakistan: On 20 August, the Indian radio broadcast a statement that, except for a few fanatics who have been inflamed by religious propaganda, the people of Egypt, Syria, Jordan, and Lebanon have taken a completely neutral attitude toward India and Pakistan despite the latter's frantic efforts to drum up anti-Indian feeling in the Near East. According to the Indian radio, the people of the Near East have merely expressed a desire to see a peaceful solution of Indo-Pakistani disputes.

[REDACTED]

[REDACTED]

Comment: Despite its brave tone, this radio broadcast probably indicates that Pakistan's success in stimulating formal expressions of concern from Near Eastern countries over the Kashmir dispute has so embarrassed the Indians that they feel some counter-propaganda is necessary.

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4. Communist Party election manifesto: The Communist Party of India has published a fifteen-point election manifesto calling for the formation of a People's Democratic Government, and including the following proposals:

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- (a) Abolition of landlordism without compensation;
- (b) Transfer of all land to the workers;
- (c) Establishment of full civil liberties with freedom of speech, press, assembly, and strike;
- (d) Withdrawal of India from the British Commonwealth;
- (e) Expulsion of British officers from the armed forces; and
- (f) Confiscation and nationalization of all British capital in India.

[REDACTED]

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Comment: Lip service is paid by most Indian parties to the principles of abolition of landlordism, land for the workers, and civil liberties. The Communists, the Socialists, and the Hindu Mahasabha, representing all shades of popular opinion from the extreme left to the extreme right, are in agreement and apparently sincere on the point of Indian withdrawal from the Commonwealth. There has been no recent indication that large segments of the Indian population were in favor of such withdrawal, however.

5. CEYLON. India desires use of naval base at Trincomalee: High Indian military officers have repeatedly and frankly told Ceylon's Inspector General of Police that India needs and must have the use of the Ceylonese naval base at Trincomalee. The Inspector General, a thoroughly competent individual with long-standing contacts among high Indian officials, illustrated his belief that India has expansionist designs on Ceylon by mentioning this fact in a conversation with the US Ambassador to Ceylon.

[REDACTED]

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Comment: Trincomalee is potentially one of the best naval bases in the Indian Ocean area, but it is now in a relatively undeveloped state. Neither India nor Ceylon is in a position to improve it materially at present.

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SECTION 3 (WESTERN)

1. GERMANY. Reports of expected Communist sabotage in West Germany discounted: Commenting on the appeals for "national resistance" to West German remilitarization made by leading Communist officials at the Berlin "World Youth Festival", US officials in Germany estimate that the first phase of the drive will be propaganda calculated to intimidate West Germans followed by actual acts of sabotage and violence. 25X1

Comment: Although it is always possible that a spontaneous attempt to sabotage vital installations will be undertaken independently by over-enthusiastic West German Communists, a planned coordinated campaign of physical sabotage is not considered probable in the near future. Such a campaign would provoke swift and severe punitive action by both Allied and West German authorities, would almost certainly result in the banning of the West German Communist Party, and would neutralize any future Communist potential for successful sabotage in West Germany. The current appeal for "national resistance" is stronger and more inflammatory than the original appeal in July 1950, but it is not believed that international tension has reached the pitch that either the East German Communists or the USSR would wish to engage in direct local violence to block West German remilitarization.

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3. NETHERLANDS. Dutch reluctant to participate in European Defense Forces: The Dutch NATO delegate states that his government is doubtfully and reluctantly "veering" toward participation in the European Defense Forces (EDF), primarily for economic reasons. Close economic ties among the participating countries would inevitably develop under the EDF, and it would be "extremely difficult" for the Netherlands to remain outside if Germany, Belgium, and France join.

However, at a recent conference of Netherlands ambassadors, opinion was unanimous against the Dutch joining the EDF. It was felt that France's motive was domination of the other EDF participating countries, a situation Germany was sure to resist. There was serious concern over participation in the "hastily improvised far-reaching military agreements" which would put the Dutch forces and one-third of the country's budget under French or German military and political control.

According to the Dutch NATO delegate, effective NATO control over EDF would inspire greater confidence, and the Dutch Government would consider German membership in NATO an essential element in the control of EDF.

[REDACTED]

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Comment: The shift in the position of the Dutch, who distrust French leadership on the continent, is probably also due to US support of the EDF and the qualified UK approval. The NATO delegate undoubtedly fears that the civilian authority of NATO will be overshadowed under the new EDF organization.

For some time now, the Dutch have endorsed the creation of German military power to establish a defense line farther east than the Rhine, although this is the first concrete indication of Dutch support of German membership in NATO.

4. Dutch doubt effectiveness of a suspension of Czech overflight rights in Germany: The Netherlands Government is agreeable to the US proposal for cessation of Czech overflight rights in Germany, only if the interests of the Dutch and, inferentially, Belgian Airlines are not sacrificed to those of the UK-owned BOAC. The Dutch Foreign Office, however, judging from its own experience, doubts that the contemplated action would be effective. Furthermore, the Dutch airlines probably would lose about \$500,000 yearly, and there are ways for the Czechs to circumvent the deprivation of overflight rights.
- [REDACTED]

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Comment: The UK has conditionally agreed to the US proposal, and Belgium has indicated it will not oppose suspension. France, however, remains opposed, feeling additional sanctions would hurt France more than the desired political gains warrant.

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5. SPAIN. Madrid enlarges ban on sale of strategic materials to Soviet orbit: The government representative on the newly-created Spanish wolfram control commission has informed US Embassy Madrid that the law requiring that certificates of ultimate destination accompany all applications for Spanish lead exports has now been extended to strategic metals and minerals, including wolfram. The same Spanish official, who stated that the regulation in question is designed to prevent the transshipment of essential materials to Soviet satellite countries, had recently told the embassy that the time is ripe for a bilateral US-Spanish agreement for the purchase of Spanish wolfram. [redacted]

Comment: The tightening of export controls and the bid for US purchases of Spanish wolfram seem to indicate the failure of Spain's previous policy of holding out for the higher prices paid on the European market, or of trying to force the US to satisfy Spain's demands for certain rare minerals needed for its special steels industry. Only 15 tons of Spanish wolfram were shipped to the US in the past eighteen months. The Spanish Government and wolfram producers now appear to be turning to a US contract as the best means to insure further development and the profitable operation of the wolfram mines.

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6. NORWAY. British holdings to be sold: According to a delayed report, the Scottish Spitsbergen Syndicate (SSS) is negotiating to dispose of its mineral claims there through ordinary commercial channels. The Syndicate owners, having determined that neither the UK nor US governments have interest in purchasing or subsidizing operations in the British company's claims, have obtained British consent to dispose of the Syndicate's properties. The Norwegian government has stated that it might have an interest, at a reasonable price. The SSS manager has suggested that should the Russians outbid the Norwegians, he would be obliged to accept the higher offer. [redacted]

Comment: The SSS holdings, containing principally coal and gypsum, have not been exploited since World War II, and prewar exploitation proved unprofitable. Before SSS renewed its claim in 1948, the USSR showed considerable interest in acquiring the area in question, about 100 sq. mi. adjacent to present Soviet holdings. The Norwegian Government and SSS management will both endeavor to avoid Soviet purchase of additional claims in Spitsbergen, but the prospects for economic exploitation may not be deemed sufficient to warrant the outlay by Norway.

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7. UNITED KINGDOM. Government concerned over public reaction to US treatment of Youth Festival travelers: US Embassy London reports that "two responsible members of the government" have privately expressed "considerable concern" over the alleged maltreatment by US troops in Austria of British youth

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in transit to the Communist Youth Festival in Berlin [redacted] 25X1
 [redacted] The two members of the government stated that, even allowing 25X1
 for Communist bias in reports of the incidents, there is still "reasonable
 question whether excesses did not in fact occur". The Foreign Office re-
 ports that it has received protests from some 60 MP's. The Embassy pro-
 poses that a formal US investigation be instigated with the purpose of
 counteracting the unfavorable propaganda which has resulted from the affair.
 [redacted]

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Comment: The Foreign Office had previously released a statement to
 the British press emphasizing that the incidents had been highly exaggerated,
 and that the US troops were compelled to resist when physically challenged
 in carrying out their legal orders. Despite this statement, however, the
 traditional British sensitivity to restrictions on travel, and the use of
 arms against unarmed civilians have produced criticism of the US in quarters
 not at all pro-Communist.

8. ARGENTINA. President and Señora de Perón accept Peronista nominations for
 President and Vice-President: At a giant labor rally, President Perón and
 his wife, Evita, were "persuaded" to become the Peronista candidates for
 president and vice-president in the 11 November elections. Perón "bowed
 to the people's will" quickly, but Evita tested the crowd's reaction for
 thirty minutes before she "agreed" to accept. To promote the rally, the
 government-controlled General Confederation of Labor called a nation-wide
 support strike. Opposition leaders charged that the demonstration was a
 fake, claiming the workers were forced to attend or face possible reprisals 25X1
 if they failed to present check cards to the union bosses. In line with
 Peron's anti-US campaign theme, posters describing the US as the "world's
 most criminal nation" lined the streets. [redacted]

Comment: This first firm declaration of Evita's electoral intentions
 will accelerate political maneuvering to dislodge the Peróns. The army,
 which is intensely opposed to Evita, [redacted]

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[redacted] will attempt to attract the support of dissident Peronista leaders who 25X1
 favor Colonel Domingo Mercante (Governor of the Province of Buenos Aires)
 for vice-president. 25X1

9. CUBA. Guatemalan motor vessel QUETZAL mysteriously missing: Cuban authori-
 ties are seriously concerned over the disappearance of six Cuban crew mem-
 bers aboard the motor vessel QUETZAL which left Mariel, Cuba, on 25 July
 destined for the port of Livingston, Guatemala. The ship failed to arrive
 by 8 August and a search has been instituted. To compound the mystery,
 the Cuban Navy received a distress message on 26 July stating: "Notice
 urgent to Cuban Navy. We are being boarded by warships of Dominican Navy.

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We are 50 miles south of Cape San Antonio. Signed MV." The Cuban Naval Commander-in-Chief is not entirely convinced of Dominican culpability in the matter, and has requested the US Navy to assist in the search. [REDACTED]

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Comment: The 350 ton QUETZAL, now flying the Guatemalan flag, was sold at auction by the Cuban government to anti-Trujilloist General Miguel Angel Ramirez. It was one of the ships found stationed in Cayo Confites in September 1947 and was to have been used in the unsuccessful attempt to invade the Dominican Republic and overthrow Trujillo. Although its present crew is made up of Dominican, Cuban, and Guatemalan Cayo Confites veterans, there has been no evidence up to the present that the vessel has since been engaged in illegal activities. The incident may represent a maneuver by Cuban and Dominican revolutionaries opposed to Trujillo to revive the mutual antagonism between the Cuban Government and the Trujillo regime.

10. PANAMA. Shipping decree now effective. The Panama decree implementing the UN embargo on shipping of strategic materials to North Korean or Chinese Communist ports was signed by the President and the Minister of Finance on 18 August, the official text was released on 22 August, and the decree is now in effect. The signature was kept secret until 21 August in order to test public reaction before making an official announcement of the effectiveness of the new regulations. The Foreign Minister informed Ambassador Wiley that there had been no adverse reaction on the part of the opposition nor was any expected. [REDACTED]

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Comment: Ricardo J. Bermúdez, who has been closely associated with Communist activities, held a cabinet position throughout the US-Panama negotiations on this decree, and therefore the Communist party presumably had access to the debates as to the legality of promulgating the decree without waiting for legislative action. Nevertheless, Panamanian Communists made no apparent effort to mobilize opposition to this decree.

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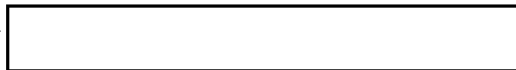
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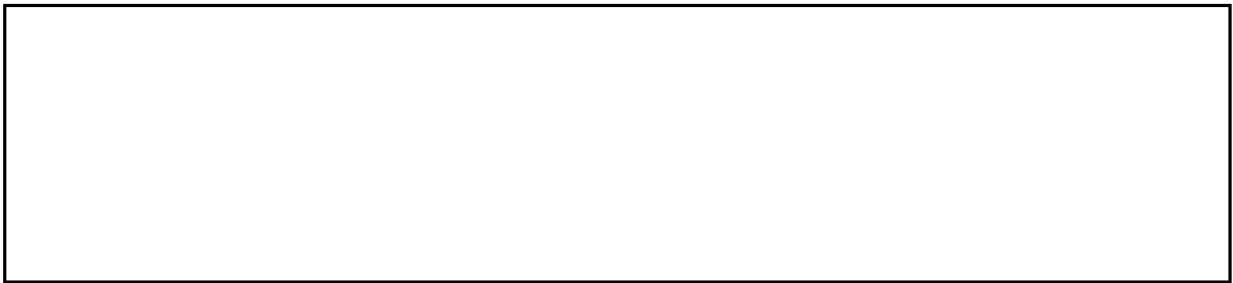
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SECTION 1 (SOVIET)

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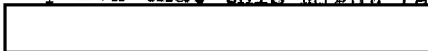
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SECTION 2 (EASTERN)

2. INDONESIA. Extra-government influences oppose Indonesian participation in peace treaty conference: A cabinet member told US Ambassador Cochran that although the cabinet favors full participation in the San Francisco conference, there is opposition from "outside the cabinet and outside Indonesia." The Indonesian Socialist Party, he said, is definitely working against participation.

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When Cochran remarked that India may send a delegation, the official replied that this might facilitate a favorable Indonesian decision.



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Comment: The Socialist Party is not represented in the cabinet. However, Socialist Party members who hold influential government positions are largely responsible for Indonesian efforts to create a common front on the Japanese peace treaty with Burma, Pakistan, and India, and they were the original advocates of Indonesia's "independent" foreign policy.

3. PHILIPPINES. Government does not object to presence of Associated States at San Francisco: The Philippine Government does not object to the invitation extended to the Associated States of Indochina to attend the San

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Francisco conference. It desires, however, that the wording of the procedural article to the effect that signature of the treaty does not necessarily imply recognition of other signatories be so changed that Japan cannot make use of it to deny recognition of the Philippines in order to hinder future negotiations for reparations.

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