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CURRENT INTELLIGENCE DIGEST

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CENTRAL INTELLIGENCE AGENCY

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SOVIET UNION

1. Embassy comments on Soviet religious conference: In his first comment from Moscow, Ambassador Kennan points out that Soviet religious leaders, under the threat of renewed police persecution and of the curtailment of their recent relative freedom, are being driven steadily deeper into becoming spokesmen for the regime. Kennan describes the conference of all Soviet churches at Zagorsk, which ended on 12 May, as "peculiarly cynical and sadistic" in its driving together of religious denominations which are not naturally compatible and which probably distrust one another because of police penetration and provocation. (C Moscow 1814, 13 May 52)

EASTERN EUROPE

2. US Legation in Budapest reports on Sulzberger article in Times: The US Legation in Budapest confirmed the presence of the defects in Hungary's economy allegedly described in a report referred to by Sulzberger in the New York Times of 5 May. The Embassy was unable, however, to verify the existence of the report. A series of moves since March to overcome the defects, following the return of planning chief Zoltan Vas from Moscow, emanate from Soviet pressure. (C Budapest 846, 13 May 52)

Comment: The Sulzberger article reported that the Hungarian government was in trouble with the Soviet-run Council for Mutual Economic Assistance for inadequate production and falsification of statistics. A Soviet investigating committee reportedly spent several weeks in Hungary. A copy of a special report made by the committee was alleged to have slipped out. Sulzberger attributed recent measures tightening the Hungarian system to Soviet pressure following the report.

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3. Polish Government's resettling plan meeting with limited success: The US Embassy in Warsaw reports that there is no great "land rush" as yet by the Polish population to move to the former German territories now under Polish administration despite the attractive financial inducements offered by the government to encourage settlement there.

Uncertainty surrounding the government's future agricultural policies insofar as they affect the individual farmer, poor homes to move into, the unsatisfactory physical layout of the farms available, and ineffective enforcement of law and order in the area have tended to offset the value of the government's inducements. (C Warsaw Desp 434, 15 Apr 52)

Comment: Press reports concerning the progress of the resettlement have notably declined from their first full flush of enthusiasm following announcement in March of the resettlement program. These press stories, while picturing the program's progress as various groups of farmers arrived, suggested by implication that the number of resettlers represented by such groups was insignificant compared to the government's desires.

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FAR EAST

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4. Japan rejects Soviet barter trade offer: The Japanese Foreign Office has rejected a trade deal under which Japan would repair six Soviet vessels in exchange for about 120,000 tons of Russian coal. The agreement was negotiated between the Soviet Mission and the Naigai Trading Company, and would have been valued at 600 million yen (\$1,666,666). (R FBIS, [REDACTED] JIJI, 13 May 52)

Comment: The price, equivalent to almost 14 dollars per ton, is considerably higher than previous alleged Soviet offers at ten dollars. The fact that there are no international or domestic legal barriers to this deal and its rejection by the Foreign Office, however, suggest that it was banned on political rather than economic grounds.

- 25X1A
5. Japanese fishing boats reportedly seized by Russians: Two Japanese fishing boats were seized on 10 May by Soviet patrol boats seven miles off Rausu, on the eastern coast of Hokkaido, according to the Japanese press. This makes five boats confiscated in this area by the Russians since 7 May. (R FBIS, [REDACTED] 13 May 52)

Comment: If the seizures actually occurred at the point indicated, the boats would have been in the Japanese side of the channel, but within ten miles of the Kuriles. Thus it is not clear whether the seizures occurred because of violation of Soviet-claimed territorial waters, or violation of the MacArthur line, defunct since the peace treaty's effectivation, which lies three miles off the Hokkaido coast.

6. North Korean Ministry of State Inspection reorganized: The North Korean Government announced on 9 May the formation of the "People's Inspection Committee" which will supersede the Ministry of State Inspection. The new bureau was organized, according to Pyongyang, "for the purpose of consolidating the inspection of the implementation of government decisions and directives as well as auditing of State property." Yi Sungyop, secretary of the Central Committee of the Korean Labor Party, will become chairman of the new inspection committee. (R FBIS, 12 May 52)

Comment: The Ministry of State Inspection had jurisdiction only over government agencies whereas a Central Inspection

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Committee controlled and inspected industrial production. The apparent consolidation of these two functions, plus the appointment of a high Labor Party official with cabinet experience indicates a tightening up of the regime's instruments of control. It is probable, moreover, that the new organ will have authority over agricultural production where some loss of control at local levels has been reported.

7. French official warns Cambodians against sympathy for rebels: Letourneau, Minister-Resident in Indochina, told the Cambodian King and his Prime Minister that France's contract to defend the country would be "reconsidered" if the active support which certain Cambodian officials have accorded Nationalist rebel elements were not discontinued. Letourneau later told the American Minister that the present Cambodian constitution enabling the Democratic Party to dominate the King is "not applicable to the state of political development of Cambodia." As a remedial measure, he said that the King might dissolve the National Assembly and draft a new constitution "more in accordance with political realities." (C Saigon 2241, 13 May 52)

Comment: The collaboration between Cambodian officials and armed rebel elements, to which Letourneau referred, is largely attributable to the Cambodians' dissatisfaction with their present degree of control over their own affairs. Letourneau appears to be advocating even less popular control. A French threat to reconsider its commitment to Cambodia could not be dismissed lightly by the Cambodian King.

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8. Burmese Communist leader believed ordered to work for peace: [REDACTED] Than Tun, chief of the Burma Communist Party, had been ordered by the Chinese Communists to "work for peace." [REDACTED]

Comment: The Burmese Communists and their sympathizers have recently extended a number of peace feelers to the Burmese Government. While it is not yet clear whether these Communist proposals are an indication of weakness or merely a tactical maneuver, the government thus far has not been receptive.

9. Indonesian UN delegate hopes US will not surrender on POW issue: Palar, the Chief Indonesian Representative at the UN, told an American official that he hoped the United States

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does not surrender on the demand for forced repatriation of prisoners of war because "if you give in, it would be a great blow to the prestige of the UN and the United States throughout the Far East." Palar said he believed "most" of his colleagues would agree with him. (C New York 809, 13 May 52)

Comment: Palar's comment must be considered primarily a personal opinion. The Korean deadlock has attracted little attention in Indonesia. The American Ambassador commented recently that the Indonesian Government has no policy on Korea and it is not faced with pressure to form one.

SOUTH ASIA

10. Prime Minister Nehru announces the new Indian Cabinet:
Prime Minister Nehru announced a number of cabinet changes on 13 May. There are six new members in the cabinet while several of the older ones have shifted positions. (R FBIS, 13 May; New York Times, 14 May 52)

Comment: These cabinet changes suggest that somewhat abler executives have been placed in certain key posts, but the changes apparently do not foreshadow major revisions of Indian domestic or foreign policies. All but two of the ministers appear to be completely loyal to Nehru.

Home Minister Katju is a respected, long-standing Congress Party member, friendly to the United States. Defense Minister Ayyangar [REDACTED]

[REDACTED] He may be expected to reflect the Prime Minister's views on defense. Kidwai probably brings greater administrative ability to his post as Food Minister than his predecessor, but there is little reason to believe that he will be more successful.

Krishnamachari, the new Commerce Minister, has a realistic view of India's need for economic development and has stressed the fact that India should help itself. As Labor Minister, V. V. Giri, former High Commissioner for India in Ceylon and a man with first-hand experience in the labor field, should materially improve the government's relations with Indian labor.

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NEAR EAST - AFRICA

11. Ankara complains of anti-Turkish propaganda in Arab states: The Turkish Foreign Minister on 9 May told Ambassador McGhee emphatically that anti-Turkish propaganda in certain Arab states was being inspired by "friends," presumably British in the case of Iraq. He added that such action was against the common interest, but that Turkey did not intend to lodge a protest or to make it a public issue. (S Ankara 1239, 13 May 52)

Comment: Turkish Foreign Office officials have previously expressed dissatisfaction with the lack of cooperation on Middle East defense planning from the British and particularly from the French in Damascus. British and French officials in Syria have not favored a Turkish plan to train Syrian officers in Turkey.

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13. French Residency considers haphazard violence in Tunisia "planned": The Security Officer in the French Residency General believes that there is a definite plan behind the new outbreaks of violence in Tunisia. The French have not, however, been able to link the recent bomb explosions with the Communists, Neo-Destours, Old Destours, or any particular group. The apparently haphazard way bombs have been planted makes motivation obscure. (C Tunis 5945, 13 May 52)

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Comment: The resurgence of violence on 12 May after two weeks of relative calm again emphasizes the unpopularity of the pro-French cabinet and the Tunisians' dissatisfaction with the proposed administrative changes. The reported house arrest of the Bey, when he objected to the imposition of French security controls over his palace, makes more sporadic outbreaks of violence probable.

14. Malan stirs up issue of British protectorates in South Africa: A presently irreconcilable difference between the Union of South Africa and the United Kingdom has been aggravated by Prime Minister Malan's assertion that a campaign issue of the 1953 South African general election will be a formal petition to London to secure control of the native protectorates of Bechuanaland, Swaziland, and Basutoland.

The ruling white South Africans of all parties cite historical arguments in support of the transfer, but even the Nationalist government until now had deferred taking any step toward making a formal request. Important unofficial Nationalist circles have suggested applying economic pressure on the protectorates if Britain fails to agree.

The British Government, however, is bound by its pledge, supported by all parties, not to turn the territories over to South Africa without consulting the inhabitants, and in the Sudan it is currently demonstrating its request for such a pledge to native peoples. All informed native opinion in the protectorates, according to the latest information, is extremely hostile to incorporation into the tightly segregated Union of South Africa. (Factual data from: U New York Times, 14 May 52; R Pretoria Desp 261, 25 Oct 51)

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WESTERN EUROPE

15. Europeans fear that United States may provoke new war:
The general European fear that the United States might provoke a global war is especially pronounced in France and West Germany, [REDACTED]

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Comment: Many Europeans expect war to come when the United States, after its military strength is built up, will be tempted to take more positive action in the face of Soviet provocation. Considerable anti-American feeling is developing among such Europeans who think themselves at the mercy of forces over which they have no control.

16. Communists sponsor international conference against German agreements: A Communist-sponsored international conference "for the peaceful solution of the German problem" is scheduled to meet in Paris from 13 to 15 June. Representatives from all Western European countries, including German Pastor Niemoeller, and delegates from Poland and Czechoslovakia are allegedly planning to attend.

The American Embassy in Paris believes that the preponderance of professors and theologians among the foreign representatives suggests that many are not aware of the actual nature of the conference. (C Paris 7017, 13 May 52)

Comment: This conference, which is being widely publicized by the French Communist press, undoubtedly will challenge the legality of the contractual agreements scheduled to be signed late this month between the Western powers and Germany.

17. [REDACTED]

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18. Austrians allegedly informed of future Polish trade retaliation: An official of the trade policy section of the Austrian Foreign Office has allegedly been warned by Polish representatives in Vienna that Polish coal deliveries will be cut next fall unless aluminum bars and semi-finished products are supplied by Austria. The Foreign Office reportedly hopes that some compromise can be worked out between Polish and American demands. [REDACTED]

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Comment: This report must be accepted with caution. The Poles have recently appeared anxious to fulfil their coal obligations and previous Austrian fears of Polish retaliation have not been borne out. The Austrians, who are somewhat restive under American restrictions in trade matters, may not be averse to circulating rumors of impending Polish counter-measures. On the other hand, the Poles may possibly anticipate that Austria's currently favorable bargaining position arising from US-coal shipments and Soviet-produced fuel oil supplies will be changed by fall.

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GENERAL

1. Italian role in Greek-Turkish-Yugoslav defense planning rumored: The American Ambassador in Ankara has been informed that the French believe that the recent Greek-Turkish talks in Athens envisaged including Italy in the proposed staff talks on defense planning. He reports, however, that the Turkish Foreign Minister has never mentioned including Italy in any of his discussions with Embassy officials on Greek-Turkish rapprochement with Yugoslavia and he believes it unlikely that the Turks would have such an association in mind. (TS Rome 4884, 9 May 52; TS Ankara 1231, 12 May 52)

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Since the Trieste question is currently exacerbating relations between Italy and Yugoslavia, it is doubtful that the French version is correct. In view of the Turkish desire for firm defense arrangements in the area, however, the matter may have been proposed as a possibility for the future.

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