

SECRET
SECURITY INFORMATION

26 May 1952

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CURRENT INTELLIGENCE DIGEST

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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SECURITY INFORMATION

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THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECS. 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

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GENERAL

1. HICOG Berlin analyzes possible reaction to signing of Western agreements: The Soviet-East German reaction to the signing of the contractual agreement and the EDC treaty is not apt to be accompanied by moves likely to provoke war, according to evidence available to US officials in Berlin. It is expected that the German Democratic Republic will be given more ostensible sovereignty and expanded authority over transportation and communications. The US officials envisage further isolation of the East zone population from Western Germany, along with tighter Communist Party control in the Soviet zone.

With regard to Berlin, the USSR is expected to intensify its harassment short of bringing about a full blockade and to concentrate on moves designed to affect morale and economic stability. (S Berlin 1390, 23 May 52)

Comment: A further reaction is likely to be the expansion of the East German alert police beyond its present strength of 52,000.

2. Communist trade union organizer for Caribbean detained: The American Consul in Jamaica reported that Ferdinand C. Smith, Secretary for American, Canadian and Caribbean Affairs in the World Federation of Trade Unions Vienna headquarters and head of the newly created WFTU Department of Colonial and Dependent Countries Affairs, would arrive in New York by air on 21 May on his way back to Europe. The Consul recommended surveillance of Smith's airport contacts and asked in case of any detention that Smith not be returned to Jamaica.

The Daily Worker of 23 May stated that Smith was arrested at the Idlewild Airport and is being "held incommunicado in the Ellis Island concentration camp." (C Kingston 68, 20 May 52; U Daily Worker, 23 May 52)

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Comment: Smith arrived in Jamaica on 24 April but was refused entrance to Trinidad. Correspondence since January between him and the London WFTU Publications Office has concerned the advisability of sending a WFTU representative to the Caribbean area.

Smith, who lived in the United States for 30 years but was never granted citizenship, left the country to escape deportation about 3 years ago. He is a Jamaican negro with wide experience in leftist trade union, racial and other US organizations and is well qualified to contact labor leaders in an attempt to win affiliations, to counter efforts of the International Confederation of Free Trade Unions to organize the area, and to stir up the Communist campaign against "Anglo-American oppressors." It was reported that his trip would also provide material for a special series of WFTU articles on the Caribbean area.

3. Progress made on 1952 Sino-East German trade pact: The Chinese and the East Germans agreed in March on the general provisions of the proposed trade pact for 1952, [REDACTED] provide for Chinese purchases from East Germany totaling 50 million dollars. This amount will include Western origin merchandise bought by the East Germans for China.

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In payment for this merchandise, Chinese goods will be delivered to various European ports and sold by the East Germans. The funds thus received, minus a commission for the East German agents, will be set off against the value of purchases on behalf of China. [REDACTED]

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Comment: The 1951 Sino-East German trade pact was announced in October 1950. Communist failure thus far to announce the 1952 agreement indicates that substantial differences still exist between the negotiating parties. The USSR is said to be bringing pressure for the conclusion of the agreement despite East German dissatisfaction over Chinese performance under the 1951 pact.

4. Indonesians report USSR disinterested in low grade rubber: Two Indonesian delegates to the Moscow Economic Conference reported upon their return to Djakarta that the Soviet Union was interested in purchasing Indonesian rubber, but "hedged" when asked if it would accept low grade rubber. The delegates

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said that the USSR could furnish ships to transport Indonesian products if Indonesia would supply bunker oil for the return trip. (C Djakarta Joint Weeka 73, 23 May 52)

Comment: Indonesian Government circles and rubber producers have claimed that the cessation of American purchases of low grade rubber has seriously decreased prices and has created a backlog of unsold low grade rubber in Indonesia. One Indonesian delegate to the Moscow conference asserted that the Soviet Union was interested in Indonesia's low grade rubber.

Sudjatmoko, also a member of the Indonesian delegation, emphatically denied that the Soviet wanted low grade rubber. He said that the USSR only desired higher grades.

EASTERN EUROPE

5. Tito regime self-consciously attacks "reactionary" influences: The Yugoslav Communist Government is reacting against "unfriendly" influences which are adversely affecting its religious and agricultural policies and, indirectly, its control of the country.

In April, the regime's attitude toward the United States information program in Yugoslavia stiffened, indicating that Yugoslav Communist leaders were becoming apprehensive of the effect of the program.

Also in April, the official Communist Party organ Borba referred to "unfriendly elements" who were emphasizing the importance of general agricultural cooperatives to the detriment of the peasant working cooperatives. The latter is the Communist-approved collective farming enterprise, and the effect of the Borba article is to reaffirm the regime's past policy of applying varying degrees of pressure to force independent farmers into collectives.

On 20 May, a Borba editorial by the Vice Premier of the Slovene Republic attacked the Catholic Bishop of Ljubljana for writing a circular letter which the editorial claimed was a "public attack on our state policy and ... our educational policy." The Bishop was characterized as an "incorrigible political enemy who is particularly dangerous because he hides under the cloak of protector of religion."

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The strong language used caused United States observers to speculate that the editorial might be the prelude to an intensification of the government's drive on organized religion. (C Belgrade Desp 992, 22 Apr 52; R Belgrade Desp 993, 22 Apr 52; C Belgrade 1467, 21 May 52)

Comment: These actions further reflect the regime's apprehension concerning its hold over Communist supporters who have been uneasy because of Tito's general rapprochement with the capitalist West.

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FAR EAST

6. Japan plans gradual pressure to oust Soviet mission:
The Japanese Government plans to force the departure of the remaining members of the Soviet mission by gradual pressure and attrition without taking any "spectacular" action, according to Ambassador Murphy. Although nothing has been done to restrict the movements of the Soviet personnel, the government is keeping them under close surveillance and granting them no facilities. The Japanese Foreign Office has received no request from the Soviet representative to give him a formal status. (C Tokyo 242, 23 May 52)

Comment: The Japanese Government is seeking to transmit a note to the USSR through a third party stating that the Soviet mission, formerly attached to the defunct Allied Council for Japan, no longer has legal status. Japan's recent firm attitude toward the USSR suggests that it is determined not to accept a subordinate status in its dealings with the Soviet Union.

7. Japanese plan to relax export controls: The American Embassy in Tokyo has been formally approached by the Japanese Government for the American reaction to a relaxation of export controls on shipments to Communist China. Japan proposes to ship galvanized sheets, dyestuffs, wool yarn, knit goods, and textile machinery in return for iron ore, coke, soybeans and other products.

The approach was based on the expectation of increasing Diet demands that Japanese restrictions not exceed those of Western Europe. Ambassador Murphy recommends that the United States offer no objection. (C Tokyo 240, 23 May 52)

Comment: For some time Yoshida's government has been under increasing pressure from political and trade groups to reduce controls to the level exercised by Japan's western European competitors.

A relaxation of Japan's controls may encourage similar action elsewhere in the Far East. Galvanized sheets, for example, which the Japanese propose to export to the Chinese Communists, cannot legally be shipped from Hong Kong to China.

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8. Japanese correspondent in Moscow without government permission: Kyodo correspondent Jiro Sakata proceeded to Moscow in early May without the Japanese Government's permission,

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His mission is to try to seek information concerning the 300,000 missing Japanese POW's. Upon the invitation of the Soviets, Sakata left Moscow around 16 May for Peiping where he may try to interview high Communist officials. [REDACTED]

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Comment: Soviet authorities approved Kyodo's application to send a correspondent to Moscow last February, but the Japanese Foreign Office's attitude toward his passport request previously has been unclear. Sakata was a Moscow correspondent before and during World War II.

9. May Day riot may have been unauthorized by JCP: The Tokyo May Day riot may have been instigated by local Communist leaders without the approval of party headquarters, according to Japanese press reports. The chief of the party's military affairs committee has allegedly submitted a report to the "politburo" condemning the riot as an "unskillful performance staged by a few biased elements...without party sanction." The Japanese police suspect that the JCP may be attempting to camouflage its responsibility for the riot. (R CINCFE INTSUM, 10 May 52)

Comment: The localized nature of the riot and its unpropitious timing from the Communist standpoint, lend credence to the possibility that it was staged by local elements acting on their own initiative. The disorders have caused the government to take stronger anti-subversive measures, weakened the JCP's popular front campaign, and alienated labor.

10. Forming of South Korean political assassination groups reported: With presidential elections approximately a month away, both administration forces and opposition leaders in South Korea are forming assassination gangs, [REDACTED]

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Followers of President Rhee have organized secret police units to murder ranking opposition leaders. Meanwhile, the opposition has recruited a "team of trained gunmen" whose targets are members of Rhee's inner clique. [REDACTED]

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Comment: Rhee's overwhelming victory in recent local elections, coupled with his systematic intimidation of opposition legislators, has steadily strengthened his position vis-a-vis the legislature and increased his chances of being re-elected

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by the National Assembly. This report may be a deliberate leak designed to bring additional pressure on the opposition in the Assembly.

11. Rhee reputedly supporting Sin Hungu's presidential candidacy: Sin Hungu, Dr. Hugh Cynn, who recently announced his candidacy for the presidency, was encouraged to do so by President Rhee, [REDACTED]

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[REDACTED] Rhee took such action in order to divide the support of the opposition Democratic Nationalist Party and the Hung Sa Dan between Sin and ex-Prime Minister Chang Myon. [REDACTED]

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Comment: Sin is at the moment the only avowed candidate. It is conceivable that Rhee urged him to run in order to weaken Chang as well as to confuse the opposition in the National Assembly. The Hung Sa Dan is a secret political brotherhood with representatives in several conservative South Korean groups.

12. Mobilization plan to increase powers of Chiang Kai-shek: The Chinese Nationalist Cabinet on 30 April adopted a mobilization program designed to increase Chiang Kai-shek's emergency powers and thus free him from legislative restraint. A mobilization committee is being established which will receive orders directly from the President and will administer the program through the appropriate government channels. [REDACTED]

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Comment: Although the emergency powers granted to the President in 1948 by the National Assembly are broad, they are subject to modification or abrogation by the Legislative Yuan.

During the past year the Legislative Yuan has shown an unprecedented degree of independent action which has reportedly displeased Chiang.

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13. Chinese incursion of Tonkin: [REDACTED]

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[REDACTED] three Chinese battalions have entered Indochina and are aiding the Viet Minh 148th Regiment in a clean-up operation against French-supported tribal guerrillas east of Lao Kay. [REDACTED]

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Comment: A Chinese incursion of this area against non-French troops is not improbable; however, in view of inadequate intelligence on this area, the reported strength of such a

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force must be treated with reserve. Since the French evacuation of this border area in late 1950, the anti-Viet Minh effort there has been largely in the hands of French-supported tribal guerrillas. This report indicates its effectiveness.

14. French general views situation in Tonkin: During a recent interview, General Linares, commander of French ground forces in Tonkin, seemed well satisfied with recent operations against the Viet Minh and said he currently had "no major troubles." He told the American Consul in Hanoi that Viet Minh forces have been ordered to remain quiet for the time being and to engage only in small operations, but that French forces were prepared to effect an encirclement of any units which might attempt a major move.

Linares also stated that, on the assumption that the Viet Minh during the current harvest period will stockpile rice within the delta and attempt to move it out gradually, the French problem will be one of blocking the removal of rice rather than preventing Viet Minh entry into the harvest area. (S Hanoi 767, 20 May 52)

Comment: The French recognize the possibility that the Viet Minh may launch an attack on the defense perimeter to divert attention from Viet Minh rice-collecting efforts in the delta. Linares' appraisal of the problem within the delta emphasizes the seriousness of Viet Minh infiltration and is a tacit admission that French defenses along the perimeter are inadequate to prevent the smuggling out of rice, a view recently expressed by a French civil official.

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15. Indochina situation aggravated by deteriorating conditions in Cambodia and Laos: [REDACTED] the political situation in Cambodia is continuing to disintegrate. Many government members tacitly support former Premier Thanh, who has gone underground against the French. There is no proof, however, that Thanh has as yet agreed to cooperate with Viet Minh elements in Cambodia, although the latter are attempting to reach an agreement with him.

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Meanwhile, the presence of Viet Minh units in Laos is a security problem to the French. If these forces were reinforced, they would constitute a serious threat to the Laotian Government.

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Comment: Cambodian restiveness under French controls is becoming a major problem in Indochina. Thanh's popularity in the government, in Parliament and among the people is very great and could stimulate a general rebellion similar to that in Vietnam. French handling of the situation has been inept, according to the American Legation in Saigon.

16. Burmese estimate insurgent strength: The American Army Attache in Rangoon reports that the Burmese War Office estimates that organized insurgent strength is now 15,000 troops. This figure is 5,000 less than the December estimate and does not include groups of 100 or less. bandits or Chinese Nationalists. The Attache comments that he expects the present attrition rate of 200 insurgents per month to decline during the monsoons which have just commenced. (C USARMA 60, Rangoon, 21 May 52)

Comment: It is doubtful that the Burmese army accounted for 5,000 insurgents since December.

Since large numbers of insurgent groups operate with less than 100 persons and the number of bandits is unknown, it is obvious that government forces are far from restoring complete internal security.

17. Airdrops to Karen insurgents reported: [REDACTED] 25X1C
[REDACTED], a "light unidentified aircraft" on about 1 May dropped 100,000 rounds of small arms ammunition to the Karen insurgents in eastern Burma. [REDACTED] 25X1C
this was the fifth such dropping in the past two years. A surrendered Karen officer is alleged to have informed the Burmese Premier of this activity. [REDACTED] 25X1A
[REDACTED] 25X1A

Comment: There have been other low-level reports of outside assistance to the Karens in eastern Burma. The reliability of this report is questionable, however, since it is doubtful that anything smaller than a C-47 could handle a load of 100,000 rounds of small arms ammunition.

The Burmese Government has thus far given no indication that it has received reports of aid to the Karens.

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SOUTH ASIA

18. Afghanistan negotiating with USSR for installation of oil storage tanks near Kabul: A German employee of the Afghan Government petrol monopoly states that the Afghan Government is now negotiating with the USSR for the installation of oil storage tanks of 300,000 gallons capacity on the outskirts of Kabul.

The American Embassy in Kabul comments that this would be the first development project undertaken by the Soviet Union south of the Hindu Kush Mountains. (C Weeka 20, Kabul 484, 22 May 52)

Comment: Earlier reports have stated that Soviet interest in southern Afghanistan is increasing.

NEAR EAST - AFRICA

19. Ambitious Cyrenaican threatens position of Libyan Prime Minister: Acting Prime Minister Fathi Kekhia, an opportunistic Cyrenaican, has become a serious challenger for the position of Prime Minister Muntasser, who is now vacationing in Europe. American Minister Villard in Tripoli points out that Kekhia has increasingly strengthened his own position with the King at the expense of Muntasser.

Villard warns that the formation of a Libyan Government under the ambitious Kekhia would be a further step in the trend toward the expansion of Cyrenaican influence over that of the more important, populous province of Tripolitania. (C Tripoli 694, 23 May 52)

Comment: The replacement of Muntasser in the premiership would result in the loss of a responsible Tripolitanian leader. He has consistently supported Western objectives in Libya and has played an important part in the formation of united independent Libya.

20. Egyptian Minister of Interior again advocates reform program: Minister of the Interior Maraghi Pasha declared he is working on a reform program which he hopes to submit to King Farouk within the next six weeks, [REDACTED]

[REDACTED] Maraghi Pasha believes that Egypt has no time

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to lose and does not think it can expect American assistance unless the government is determined to effect extensive reforms.

The Minister thinks that any reform program would have to be imposed by force, which he would not hesitate to use with Farouk's backing. If the King is unwilling to support the reform, Maraghi stated that he would be faced with the dilemma of doing nothing or leading a revolution, which he does not wish to do.

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Comment: There is no indication that Maraghi Pasha, who has been mentioned as a possible successor to Prime Minister Hilali Pasha, would be able on his own to obtain sufficient support for drastic social and economic reforms.

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WESTERN EUROPE

21. Italy again seeks American-British pressure on Yugoslavia about Trieste: Italy's Under Secretary of Foreign Affairs has expressed to General Winterton, British commander of Zone A of Trieste, his government's view that no progress can be made toward a final solution of the Trieste problem until the United States and Britain put pressure on Yugoslavia to cooperate. Belgrade, he said, would also have to install a United Nations-type administration in Zone B.

Although he assured Winterton that Italy will carry out loyally the decisions made recently in London on increased Italian participation in the administration of Zone A, the Italian spokesman insisted that direct negotiations between Italy and Yugoslavia cannot continue unless the above steps are taken. (C Trieste 1138, 23 May 52)

Comment: The Yugoslav reactions to increased Italian participation in the administration of Zone A of Trieste and the use of this issue in the recent electoral campaign have made Italian spokesmen more intransigent on this question. There have been no indications that the Italian Government is planning to make any concessions.

22. Standing Group approves EDC treaty draft as fulfilling NATO requirements: The NATO Standing Group and the Military Representatives Committee have informed the North Atlantic Council that, from the point of view of military effectiveness, the EDC treaty and its annexed protocols would fulfill the requirements set forth in the Brussels and Lisbon decisions for obtaining German participation in Western defense. (S NATO SG 333 to Paris, 20 May 52)

Comment: Approval by the North Atlantic Council will represent the final step by NATO in the complicated negotiations over its relationship with the European Defense Community. The complexity of these negotiations stems from the necessity of integrating the European Defense Force, including West German troops, into the NATO defensive system without extending NATO membership to the German Federal Republic.

23. European countries see NATO maintenance costs as further threat to their economies: US Special Representative in Europe

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Draper reports that the European NATO countries are already concerned about the burden which the maintenance costs of their NATO forces will impose upon their economies. He expects them to ask, in connection with the NATO annual review, whether the United States plans to continue to underwrite most of the dollar maintenance costs of NATO forces after their build-up is completed.

Unless the United States assumes for an indefinite time most of this dollar burden, which Draper estimates as one billion dollars annually, the Europeans may insist that they cannot maintain present force goals, thus endangering even the proposed 1953 build-up. (S Paris POLTO 1286, 22 May 52)

Comment: This problem has major political significance for most European countries which have obtained public acceptance of economic measures necessary to achieve their NATO force goals by promising a subsequent lowering of military budgets. Continuous maintenance costs, which include spare parts and replacement of equipment largely American-made, are likely not only to prevent appreciable reduction in defense expenditures, but also to continue the dollar drain which plagues European economies.

24. West German Government will attempt early ratification of contractual agreement: Federal Republic coalition leaders will press Parliament for ratification of the Allied-German contractual agreement before it adjourns on 20 July. They believe that prompt American ratification of the treaty would greatly improve chances of early acceptance of the treaty by German legislators.

High Commissioner McCloy comments that West German ratification will surely be delayed if the United States Senate fails to approve the document during its present session, or if Allied-Russian talks are held on German unification in the near future. (S Bonn 2977, 21 May 52)

25. Communist youth schedule large rallies in rural Austria: The Communist Free Austrian Youth (FOeJ) is arranging two national youth meetings for 30 May in the British and American Zone cities of Bruck an der Mur and Linz. Approximately 25,000 delegates, including representatives from East and West Germany, France, Italy, Hungary, and Czechoslovakia, are expected to attend.

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Although headquarters for the Linz meeting will be in the Soviet-occupied suburb of Urfahr, main events are expected to take place in Linz. Propaganda at both meetings will allegedly stress the peace theme. [REDACTED]

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Comment: Such a large attendance would undoubtedly be far more impressive in provincial Austria than in Vienna. The Austrian Communist theoretic monthly, which has been highly critical of the youth organization, has billed the Whitsuntide rallies as a preparation for intensified youth activity.

26. Austrian conservative leader questions anti-Communist record of Austrian Socialists: People's Party Chairman Julius Raab reportedly expressed considerable doubt in a recent private conversation as to the sincerity of Austrian Socialist leaders. According to him, the Socialists are not interested in economic stabilization measures, but are using threats of withdrawal from the coalition to gain American support for Socialist objectives.

In considering measures to counteract Socialist influence in America, Raab allegedly asserted that this would be difficult because of the Socialists' better public relations and their good anti-Communist record. This record, Raab believes, holds good only in the short run, for the Socialists would ultimately weaken Austria's Western connections, both ideologically and economically. [REDACTED]

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Comment: Raab's views, if accurately reported, are demonstrative of the political tensions aroused by current coalition disputes. American-supported economic reforms have met opposition from both sides, and both parties have probably used American fear of a break in the coalition to achieve their own ends.

There is no evidence that the Socialists are insincere in their vigorous anti-Communist stand. Raab's questioning of their sincerity, however, probably portends exploitation of the "Marxist origins" of the Socialists in future election campaigns.

27. Plans for British youth "peace" festival meet with little success: Preparations for the Communist-supported youth "peace" festival to be held at Sheffield from 30 May to 2 June are not meeting with much success, according to the British Foreign Office. Only 1,800 of the hoped-for 5,000 participants have enrolled so far. Due to the efforts of the Labor Party, the Trades' Union

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Congress, and responsible youth organizations, the Communist character of the Congress has been widely publicized.

There will be no change in the recent government policy of prohibiting foreigners from entering Britain for the specific purpose of participating in Communist activities. Festival organizers are believed to be trying to arrange for large numbers of foreign delegates from countries which do not require visas to arrive together at one point of entry to attract attention. (C London 5340, 23 May 52)

Comment: The 5,000 participants were expected to include 4,000 workers, 500 university students, and 500 colonials resident in Britain. The festival is expected to promote the usual Communist themes: the call for sabotage of rearmament efforts, and the need for improved social and economic conditions.

LATIN AMERICA

28. Plot against Argentine Government reported: The followers of Colonel Suarez are reportedly again plotting a revolution against the Argentine Government. Peron is said to be aware of the plot and planning to call before 4 June a mass labor demonstration placing the blame on the United States. (S Buenos Aires 806, 23 May 52)

Comment: Retired Colonel Jose F. Suarez was arrested in June 1951 and again in early 1952 for plotting against Peron. There is no indication of the strength of his backing, but the government's knowledge of the plot should enable it to take sufficient precautionary measures.

There have been many reports of a new revolutionary attempt before Peron's inauguration on 4 June, but there has been no indication of how such an attempt could successfully evade Peron's rigorous security controls. Peron might, however, exploit any real or imaginary revolutionary planning to strengthen his attacks against the United States.

29. Cabinet changes reported possible in Bolivia: The Bolivian Government suspects that German Butron, Minister of Labor, may be acting as an informant for the military junta which was ousted in the April coup. [REDACTED] no immediate action will be taken against Butron because the government

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fears that measures against him might provoke anti-government reaction by labor.

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[REDACTED] the government may use this situation to develop a pretext for "house cleaning" all its leftist members, including Juan Lechin, Minister of Mines.

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Comment: Any effort in the foreseeable future to oust Juan Lechin from his government post would almost certainly start a serious and bloody revolt because of his popularity with the important organized mine labor. The government's fears of taking any immediate action against Butron also seem well founded.

30. General Estillac Leal defeated in Brazilian Military Club election: In the election of Brazilian Military Club officers for the 1952-1954 term, General Alcides Etchegoyen won with 8,288 votes. General Estillac Leal received only 4,489 votes. (R FBIS [REDACTED] 22 May 52)

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Comment: The Military Club, which all active and reserve officers of the armed forces are eligible to join, is extremely powerful as a lobbying organization. The recent election was an important test of extremist strength, with ultranationalists and Communists supporting General Estillac Leal. Estillac's campaign pronouncements had stressed the dangers of foreign investment, particularly in petroleum, and had accused the opposition of grossly overstating the menace of Communism in Brazil.

31. Remon retains heavy lead in Panama's presidential elections: Preliminary election returns in Panama give presidential candidate Jose Remon a commanding 2-to-1 lead over Roberto Chiari. Remon considers himself the president-elect.

Chiari has privately admitted defeat, but charges Remon supporters with fraud and intimidation and says he intends to contest the election results "by all legal means." Chiari supporters have filed a petition with the National Electoral Jury demanding the annulment of the election results on the grounds of fraud. Norberto Navarro, candidate for first vice president on the Chiari ticket, warns that if the electoral jury approves the election "farce," he will be "ready, firm and determined" to lead the fight against dictatorship. (U Panama City 974, 22 May 52; C Panama City 970, 21 May 52)

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Comment: The National Electoral Jury contains a majority of Remon supporters and is not expected to question the election results. As the former Commandant of Police, Remon has the support of the Panama National Police which, barring unforeseen events, is capable of assuring his inauguration on 1 October.

The Communists played a completely insignificant role in the presidential election.

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FAR EAST

1. Formosa allegedly to be invaded "soon": A onetime Finnish official, now a prominent fellow-traveler, claims to have been told by a "Chinese general" that Formosa is "soon" to be invaded. (TS USARMA Helsinki 522, 21 May 52)

Comment: A Chinese Communist military attache may have made this assertion. Peiping's leaders frequently state, publicly and privately, their intention of acquiring control of Formosa, but do not commit the regime to any deadline for the operation.

The spring is a favorable season for an attempted invasion of Formosa. There are no indications, however, of Communist preparations for an attempt in the near future.

NEAR EAST - AFRICA

2. Soviet Union protests against American military aid to Iran: The note delivered to Iran on 21 May is the first official Soviet reaction to Mossadeq's agreement on 24 April to the renewal of American military aid. Earlier, the Soviet Ambassador in Iran was said to be "furious" over its resumption, and his absence from the opening session of the Majlis on 27 April was interpreted as an unofficial expression of Soviet displeasure.

While the note, the first sent to Iran since 1950, would appear routine Soviet policy, the Russian trade delegation in Iran has now reversed its position and insisted that oil be included in the list of exports under the pending Iranian-Soviet trade agreement. The protests, therefore, would appear timed to force Iran to agree to the Soviet terms, as well as

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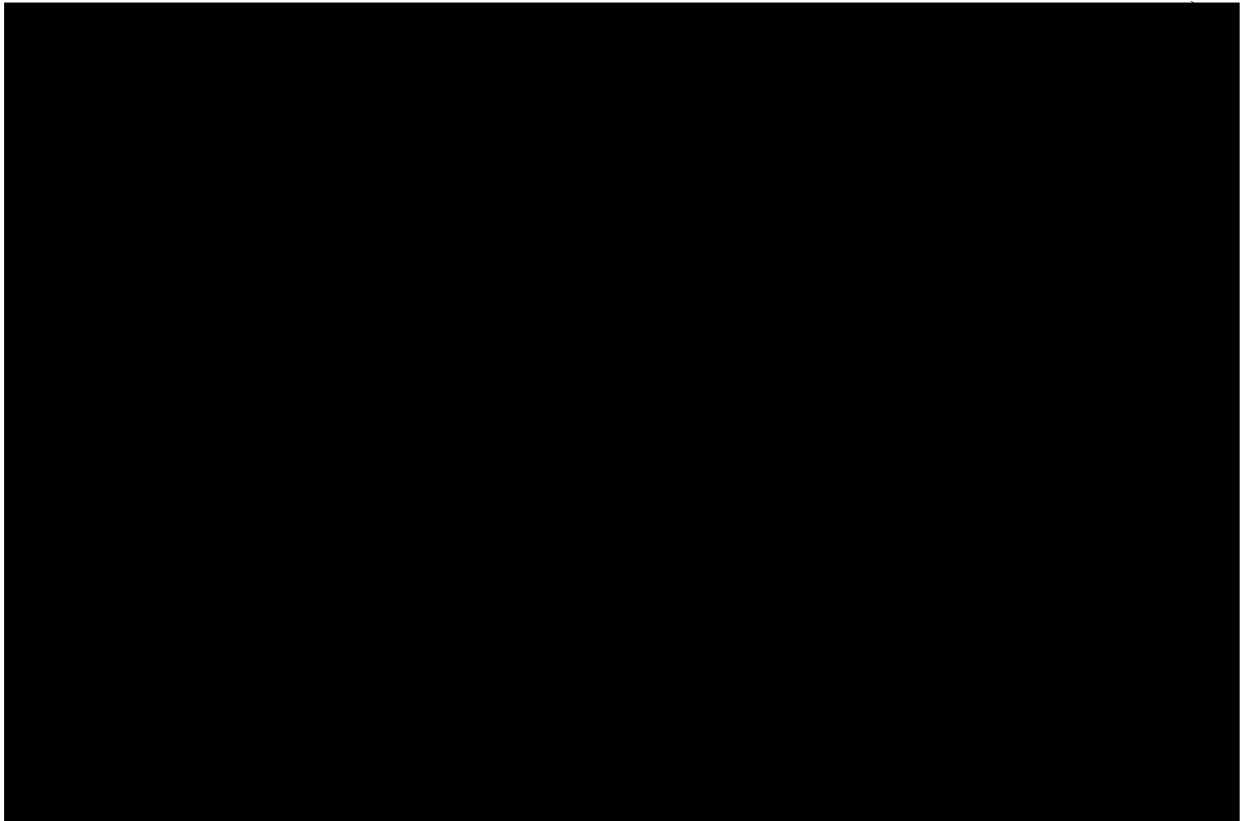
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to reconsider renewal of American military aid.

Should Iran consent, the USSR might attempt to import at least a token oil shipment in order to force the United States to suspend assistance. (Factual data from U-FBIS Ticker, 23 May; C Tehran 4233, 2 May; S S/S Tehran 4443, 17 May 52)

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4. King Talal may not be allowed to return to Jordan: The Council of Ministers, which rules Jordan in the absence of King Talal, has taken steps to authorize French officials to make the King take the medical treatment deemed necessary for his recovery.

The British Minister in Amman believes that the Council of Ministers does not intend to allow the King to return to the country unless the medical authorities approve. He states that if Talal should return without approval, he would have the status of a private person and the Council would continue to rule. (S S/S Amman 368, 21 May 52)

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Comment: The King's deteriorating health has been so marked by abnormal conduct recently that the Prime Minister and the Council of Ministers have questioned his capacity to rule. They hope that proper medical treatment will enable him to continue in power at least until May 1953, when he could abdicate in favor of his son who will then be of age.

LATIN AMERICA

5. Revolutionary elements reportedly ready to renew Caribbean activities: The Panamanian Consul General in Costa Rica has informed his government that preparations are being made to run substantial amounts of arms, including over 500 machine guns, from that country to Panama. The Panamanian Minister of Government says that the shipments are destined for Venezuela.

Meanwhile, Ambassador Wiley reports that US Army intelligence in Panama has information that the Caribbean Legion is moving arms to the west coast of Costa Rica. (S S/S Panama City 971, 22 Mar 52)

Comment: The arms may be coming from the plantation of Jose Figueres, ex-President of Costa Rica whose name has long been linked with activities of the Caribbean Legion, a heterogeneous group of political exiles whose aim is the overthrow of dictatorships.

The weapons could be destined for any number of trouble spots in the area: Panama, where anti-Romon forces threaten to challenge by force the results of the 11 May election; Colombia and Venezuela, where arms reportedly have been smuggled to opposition groups recently; or Ecuador, where political conditions are highly unstable with the approach of the 1 June presidential elections.

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