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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

JUN 2 1951

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

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SECTION 1 (SOVIET)

"B" USSR. Supplying of Soviet Equipment to Chinese Communists. 25X1C

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Soviet Lieutenant General T'o-ni-fu notified the Chinese Communist Government in early May that beginning 15 May all weapons and equipment for the Chinese Communists from the USSR were to be supplied directly from Soviet arsenals in Siberia. He also requested that appropriate changes be made in the supply system of the Chinese Communists to insure more efficient and rapid distribution to the armed forces. WASHINGTON COMMENT: T'o-ni-fu may be Ivan Konev, commander of Soviet ground forces. COMMENT:

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Although the USSR has supported the Chinese Communist air effort with aircraft, aviation equipment, radar, anti-aircraft equipment and technical personnel, and there have been a number of reports that tanks and heavy equipment are being supplied to Chinese Communist units in Manchuria, it is still not clear to what extent over-all logistic support has been received from the USSR. As yet practically no heavy equipment has been found in the hands of Chinese Communists in Korea. Konev, Chief of the Soviet Ground Forces, holds the rank of Marshal, and it, therefore, appears doubtful that he is the Soviet officer named in the report.

"B" EASTERN EUROPE. CZECHOSLOVAKIA. Belgians Refuse to Extend Czech Trade Agreement. The Belgian Government has decided not to extend the Czechoslovak trade agreement. Furthermore, it will not license shipments of copper, included in International List 1, to any Soviet bloc destination. (S SD Brussels 1888, 29 May 51). COMMENT: Belgian exports to Czechoslovakia have included copper, zinc, cobalt, cadmium, tin, lead, industrial diamonds, hemp and flax to the value of 15 million dollars a year. The Belgian decision to terminate the Czech trade agreement will not mean a cessation of shipments of these strategic materials to Czechoslovakia since a great part of the trade is through third countries or is transhipped. Current US pressure, however, may be successful in curtailing transshipment of certain of the more critical materials. Termination of the agreement will provide the Belgian Government with a legal basis for refusing to grant licenses for shipments to Czechoslovakia, a step toward more effective control of exports to the Satellites.

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TOP SECRET

SECTION 2 (EASTERN)

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25X1C "C" GREECE. Supporters of Marshal Papagos Allegedly Plan Coup. [REDACTED] a group of high-ranking military officers met early on the morning following the resignation of Field Marshal Papagos as Chief of Staff to plan a coup d'etat aimed at overthrowing the King and installing Papagos as regent. The Prime Minister was advised and immediately informed Papagos who arrived and dispersed the troops which had been protecting the building in which the meeting was held.

25X1A COMMENT: Although there may be an element of truth in the report--it has been persistently rumored that some of Papagos' supporters were planning a coup d'etat--it is more probable that the meeting was concerned with methods of persuading Papagos not to resign as Chief of Staff. Papagos himself has exerted every effort to eliminate politics from the Army and has insisted that he would accept the prime ministership, unless duly elected. It is not believed that he would lend his support to a coup d'etat.

"C" Palace Abolishes Political Bureau. Embassy Athens reports that the Palace has announced the abolition of the King's Political Bureau and its replacement by a secretariat. The Embassy comments that the move is obviously intended as a graceful way of easing Metaxas out of Palace circles. (Athens Jt Wka, 1 Jun 51). COMMENT: The King has been under pressure from many sources to remove Metaxas whose influence on the King has been much deplored. Apparently Marshal Palagos' recent resignation, which was apparently due primarily to his irritation at the machinations of Metaxas, was the final straw in persuading the Palace to take this move. In any event, the removal of Metaxas will result in increased public confidence in the political judgement of the Palace and may open the way for a reconciliation between the Palace and the Marshal.

"C" IRAQ/JORDAN. King Abdullah Reportedly To Proclaim Young Iraqi King As His Successor. Reports from Egypt state that King Abdullah of Jordan has decided to proclaim his great-nephew, 16-year old King Feisal of Iraq, as heir to the Jordanian throne. Official circles in Amman have categorically denied the report. (U FBIS [REDACTED] 2 Jun 51; FBIS [REDACTED] 1 Jun 51). COMMENT: Neither Jordanian Crown Prince Tallal, who is presently under medical care for a mental condition, nor Prince Naif have enjoyed the confidence of their father. The British, who have special treaty relations with Jordan, likewise reportedly are not impressed with either prince. Accordingly, Abdullah's desire to create a great Hashemite state could well induce him to act along the lines reported above. Many Jordanian officials as well

TOP SECRET

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as some of Abdullah's subjects especially those of Palestinian origin might not approve of a Jordanian merger with Iraq.

"B" INDIA. Freedom of Speech Restricted. According to Reuters, on 1 June the Indian Parliament approved by 228 votes to 19 the clause restricting freedom of speech and expression which had been introduced in Parliament by Prime Minister Nehru on 12 May as an amendment to the Constitution. (See OCI Daily Digest of 19 May) (R FBIS London, 1 Jun 51). COMMENT: The passage of this clause in spite of country-wide protest seems to indicate that Prime Minister Nehru is still a dominant factor in Indian politics. While the clause is undoubtedly intended to control subversive groups, the fact must not be overlooked that it could be used effectively by the Congress Party in the forthcoming elections to stifle opposition.

"B" CHINA. Korean War Expenses Force Chinese to Stop Cash Payments for Farm Purchases. [REDACTED]

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[REDACTED] the expenses of the Korean war have forced the Chinese Communists to suspend cash payments for commodities purchased from farmers. An order issued by the Communists directed the government trading companies to accept deliveries of farm products but not to make immediate payments therefor. The trading companies have been directed to propagandize the peasants regarding the "benefits of purchases on credit." [REDACTED]

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COMMENT: The reported decision to cut cash payments to peasants is indicative of the vigor of Chinese efforts to avoid the inflation that is threatened by the increase in war expenditures since their entry into the Korean conflict. There are indications that the government deficit is increasing and that the Communists may be forced to new issues of paper money. To the extent that the farm products purchased on credit are not sold in the cities, but are rather consumed in supporting the war effort, the Communists will be forced eventually to issue new paper money to reimburse the peasants.

"C" KOREA. ROK Opinion Strong Against Peace in Korea Short of Unification. Ambassador Muccio reports that the recent spate of rumors, articles and public statements in the US and the UN concerning a "Cease Fire" without unification in the Korean Conflict has aroused strong opposition in the ROK. Opposition is reported to widespread among ROK Government officials, National Assembly members, local press, and private Embassy contacts. Typical commentaries include statements such as "no cease fire without unconditional withdrawal of Communists forces from Korea" and "cease fire without . . . unification will mean nothing but total destruction of the Korean people." (R Pusan 1005, 1 June 51).

TOP SECRET

TOP SECRET

- "C" KOREA. Communists Believed Shifting Troop Concentrations to West. The US Far Eastern Command reports that recent contacts with small Chinese Communist reconnaissance elements in the western sector (in an area recently held only by North Korean troops) may presage a redeployment of major Chinese Communist forces onto this front. FECOM adds that insofar as the western coastal plain and the Seoul-Inchon complex have always been primary objectives of the Communists the next offensive effort may again have as its objective the capture of Seoul. (S DA-CINCFE Telecon 4775, 2 June 51). COMMENT: Previous reports have indicated the presence of sizeable uncommitted Chinese Communist reserves in the immediate rear of North Korean and Chinese Communist elements in contact on the western front.
- "C" JAPAN. Change in Communist Party Membership. The Japanese Attorney General's Office reports that JCP registered membership dropped from its high point of 108,692 in March 1950 to 58,000 in May 1951, with the number of registered cells decreasing from 6800 in June of last year to 5800 at present. The Attorney General's Office attributes the decrease to (1) the purging of "factionalists," (2) members going underground, and (3) dissatisfied members quitting the Party. By employing an involved analysis of the Communist vote in the late April elections, the Attorney General's Office estimated that the present registered membership represents about two-thirds of the JCP's actual strength. The secret membership is believed to be somewhere between 20,000 and 40,000. (R JIJI, 31 May, FBIS 1 June 1951).

TOP SECRET

SECTION 3 (WESTERN)

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"B" VATICAN. Church Believes Elections Show Communists Have Maintained Their Strength and May Even Improve Their Position. According to the Vatican daily Osservatore Romano, the results of the recent local elections clearly show that "social communism has maintained substantially and essentially its own political positions or may even have eventually improved them." The paper asserted that because of the ravages of World War II and the great resulting poverty in Italy, the \$1.3 billion of Marshall Plan aid since 1948 has been unable to improve the low living standard of the majority of the population and thereby prevent the extreme left from exploiting the dissatisfaction of the poor. (U NY Times, 2 Jun 51) COMMENT: Recognition by the Vatican, which participated vigorously in the electoral campaign, that the Italian Communists have not suffered the least diminution of strength as a result of the voting (they gained a greater percentage of the votes than in the 1948 national elections) should temper the satisfaction of Italians and others over the victory of the government bloc. The Vatican's concern regarding the present economic plight of most Italians underscores its belief that unless living conditions improve, the Communists will continue to make gains. This is in direct contrast to the interpretation given by the Christian Democrats to their success in winning control of most of the Communist-dominated city administrations in North Italy, namely, that it will improve the Government's prospects at the 1953 national elections.

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"A" ITALY. Communist Leader Reportedly Critical of Party's pro-Soviet, anti-clerical Election Campaign Line. [REDACTED] at a meeting of the Communist Party (PCI) secretariat early in May 1951, Mauro Scoccimarro criticized the party's election campaign line as too pro-Soviet and anti-Church. Longo defended the anti-clerical line by stating that it was now futile to offer friendship to the Church and justifying the attack on the clergy on political grounds. Togliatti

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defended the pro-Soviet stand, explaining that it was now impossible for the PCI to gain power by democratic means and that the USSR was the only hope for the proletarian revolutionary cause. He declared that the party must therefore continue to propagandize the line that the USSR is freeing people from the slavery of capitalism. [REDACTED]

COMMENT: No reports have been received suggesting nationalist or deviationist tendencies on the part of Scoccimarro. Therefore, it is believed that his reported criticism was directed against PCI electoral tactics rather than against PCI policy. Although the Communists have minimized their pro-Soviet line during the election campaign, it is probable that they will continue to attempt to capitalize on Italian anti-clerical sentiment.

"C" IRELAND. Coalition Government Wins General Election. The Costello coalition Government is expected to return to power by a narrow margin as a result of the 30 May general election. The coalition's voting strength in the 147-member Dail will be close to 78, including the 40 of Costello's Fine Gael, Labor's 16, Farmers' 6, Clann na Poblachta's 2, and most of the 14 independents. The Prime Minister will be elected on 13 June when the new Dail convenes. (U NY Times, 2 Jun 51) COMMENT: The parliamentary balance will be roughly the same as in the past three years of the Costello coalition of conservative and liberal forces. Within the coalition, Costello's own moderate Fine Gael emerges stronger, but the poor showing of Foreign Minister MacBride's Clann na Poblachta makes his departure from the Cabinet probable. Foreign affairs played almost no role in the generally dull campaign, and there is little reason to expect a shift in Ireland's policy of neutrality.

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JUN 2 1951

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

2 June 1951

SECTION 2 (EASTERN)

"C" CHINA. Nationalists Eager to Sign Japanese Peace Treaty. Ambassador Rankin reports from Taipei that the Foreign Minister requested the State Department be advised of the extreme importance attached by the Nationalist Government to its inclusion among the signatories of the Peace Treaty. The Foreign Minister stressed the prestige involved in being one of the signatories and the great political consequence that his Government should resume diplomatic relations with Japan at the same time as other allies. Exclusion from the treaty would place the Nationalists' diplomatic representation in Japan at a disadvantage in comparison with other allies. (S S/S Taipei 1652, 31 May 51).

SECTION 3 (WESTERN)

"C" BELGIUM. Enthusiastic Reception of Soviet Winners of Music Competition Termed Disturbing. The three Soviet musicians who took top honors during the last week of May in the Brussels international music festival sponsored by the Queen Elizabeth Foundation, were received enthusiastically by their Belgian audiences. The ovations were, according to the US Ambassador, equal to those given the "Nazi demonstrations in prewar Germany". Although the Belgians are moved by good music, the inference many undoubtedly drew was that a "country producing such talent must be "peace-loving" and culturally superior". The President of the competition, a conservative banker, confessed disturbance over the propaganda value accruing to the Soviets and his distress over Belgian Queen Elizabeth's pinkish tendencies. (C S/S Brussels 1901, 31 May 51). COMMENT: The USSR typically sends only the very best of Soviet talent to international competitions, thus virtually assuring top honors. The enthusiastic Belgian reception probably stems primarily from the recognition of musical talent, and, as a result, there is no likelihood of a "softening" of Belgian anti-Communist sentiment. Only the small number of intellectuals, already leftist-inclined, would be affected. Queen Elizabeth's affinity for Communist-sponsored organizations is well known, but she lacks substantial influence.

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