A STANT

COPY NO. 39

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

Date: JUN 5 1951

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

TOP SECRET

DIA, DOS, USAF REVIEW COMPLETED

SECTION 1 (SOVIET)

USSR. PRAVDA Demands Expansion of USSR River Traffic. A PRAVDA editorial on 3 June demanded prompt elimination of shortcomings in the work of river transport since workers of inland waterways "are faced with the responsible task of delivering an enormous quantity of freight for the great construction projects and for the whole industry and agriculture." Readers CPYRGHT were told that the shortcomings are numerous and were reminded that the Ministry of the River Fleet underfulfilled the transportation plan last year. As a further incentive for elimination of these shortcomings, the CPYRGHT article referred to workers' letters to Stalin accepting the challenge... to expand the Socialist competition for the early fulfillment of the 1951 plan."

25X1

CPYRGHT

Moscow Comments on President Truman's Letter to Iran. Commenting on President Truman's letter to Iranian Premier Mossadeq, Moscow radio quotes the independent Tehran paper Tolu as stating that high circles in Tehran regard the letter as a new example of US interference in Iran's internal affairs. Moscow radio also quotes the Communist paper Besue Aiande as stating that Truman has discarded the mask from the evil face of American imperialism and officially confirms his collaboration with the British plunderers. The paper adds that the letter is in contravention of the principles of the national sovereignty, of Iran - emphasizes that the nationalization decision must be fulfilled, and if Mossadeq evades his duty he will be faced with the determined and acute struggle of the Iranian consistent with the Soviet's policy of refraining from editorializing on the situation in Iran while commenting indirectly on the current crisis by

consistent with the Soviet's policy of refraining from editorializing on the situation in Iran while commenting indirectly on the current crisis by quoting from press despatches from Iran favorable to the Soviet thesis that the US and UK are exploiting the Iranian people and their resources. Similarly, Moscow has not utilized the traditional Soviet tool in Iran, the outlawed Tudeh Party, to openly spearhead Communist aims in the present crisis, but has worked instead through front groups such as the "Organization for the expropriation of AIOC," Moscow's indirect publicity to Iranian press warnings prodding Mossadeq to move more quickly provides a further indication of the Tudeh desire to force the Iranian Government's hand, thus achieving the Communist goal of removing Western influence from Iran without overtly participating in the issue.

EASTERN EUROPE. TUGOSLAVIA. No Unusual Soviet Military Activity in the Balkans Noted by Yugoslavs. Tugoslav officials have informed Embassy Belgrade that they are convinced there are no Soviet troop units in Bulgaria. They also do not believe that a Soviet armored division has arrived in Constanta, Rumanian Black Sea port.

25X1

COMMENT: The Yugoslav statement as well as recent information from Western diplomats tends to refute reports of unusual Soviet military activity in the Balkans. Recent reports of the arrival of Soviet troop units

TOP SECRET

1

in northeastern Bulgaria have also been largely refuted

Constanta is known to be the headquarters for the estimated 30,000 Soviet troops in Rumania, and is an important port of entry for Soviet equipment destined for the Balkan Satellites. Recent reports of the movement of Soviet troop units into and through Rumania may stem from continued (possibly accelerated) shipments of Soviet material, accompanied by Soviet guards and technicians.

YUGOSLAVIA. Allegations of Greek Maltreatment of Macedonian Minority #B# Revived. After several months of restraint the Yugoslav press has revived its propaganda attacks regarding the treatment of Macedonians in Greace. The press articles allege the continued terrorization and maltreatment of the Aegean Macedonian population and assert that the Greek police agents are openly advising Macedonians to emigrate to North America and Australia, depriving them of their property, and exercising every kind of discrimination. US Embassy Belgrade believes, however, that these articles may be only isolated incidents and that their significance lies in the Yugoslav Government's desire to give occasional publicity championing a neighboring national minority. COMMENT: The resurrection of Yugoslav allegations of ill treatment of the Macedonian minority in Greece will do considerable damage to Yugoslav-Greek relations which have markedly improved in recent months. It will also seriously impede the promotion of any military collaboration in which both countries have recently manifested some interest.

25X1

Time and Life Admitted to Yugoslavia. Embassy Belgrade reports that the Yugoslav Government has granted permission for the importation of limited quantities of Time and Life for sale in Yugoslavia. Sales will be limited initially to fifty copies of each edition of both magazines and distributed in Belgrade, Zagreb, and Ljubljana. The Embassy comments that while the initial importations are admittedly small, the Yugoslavs have established a most important precedent by agreeing to admit foreign periodicals. Heretofore importations have been confined to technical journals.

25X1

BC B

SECTION 2 (EASTERN)

SAUDI ARABIA. King Dubious About Sending Prince Feisal to London. According to US Ambassador Hare in Jidda, Crown Prince Saud recently stated that Prince Feisal has been invited by the UK to visit London to review Anglo-Saudi Arabian differences. (See OCI Daily Digest, 6 Apr 51). Hare reports that King Ibn Saud, who subsequently referred to this matter, was dubious about the advisability of accepting the British invitation, apparently fearing that if the outstanding differences were not previously settled, Feisal's discussions in London might result in a worsened situation. Hare suggested to the King that a solution to the Saudi Arabian dilemma might be found (a) if Feisal's trip to England should be merely a "courtesy" visit and (b) if Feisal used his London visit to discuss Saudi Arabian concern on broad general lines. If the London talks developed in a favorable atmosphere, the subsequent negotiations might follow on a lower level in regard to specific issues still in dispute. While the King reportedly welcomed Hare's suggestion, the British Ambassador subsequently indicated his reservations to the proposal that Feisal's trip should merely be a "courtesy" visit without an agenda. The

25X6

25X1

COMMENT: King Saud's concern over varied British activities in the Persian Gulf sheikhdoms is closely related to his long term fear of a general Hashemite aggrandizement whereby Iraq might join with Syria and Jordan and also gain closer bonds with Kuweit and other of the Persian Gulf sheikhdoms. These fears probably lead the Saudi Arabian King to believe that, since the Pritish exert considerable influence with the rulers of Iraq and Jordan, British activities in the Persian Gulf area might open the way for increased Hashemite influence in the Gulf sheikhdoms, thereby threatening Saudi Arabia's security.

INDIA. Jute Bags to be Sent to China in Return for Grain. The Secretary of the Indian Food Ministry has told a US Embassy official that India must send China 800 tons of jute bags before the end of July 1951 as replacement for Chinese bags used in shipping 10 percent of the 400,000 tons of mile which China has agreed to send to India. A weekly jute market report also states that India will probably have to supply a considerable tonnage of jute bags to China in connection with the foodgrain deal.

25X1

NEPAL. Nepal Congress Party Suggests Establishment of Diplomatic Relations with China. On 26 May, the Working Committee of the Nepal Congress Party passed a resolution stating that Nepal would not be allowed to become a pawn in the game of international politics and suggesting that the Nepal Cabinet immediately seek to establish

TOP SECRET

diplomatic relations with China.

COMMENT: The Government of India has apparently played a strong part in Nepalese internal politics of late, thereby probably antagonizing certain ambitious elements of the Nepal Congress Party. Since the Nepal Congress was suspected of using leftist and Communist assistance in its fight to obtain control of the Nepalese Government in late 1950 and 1951, the above resolution may represent a leftistinspired attempt on the part of the Congress to reassert its indepedence. The Government of India is believed to be sufficiently aware of the dangers of Communist infiltration into Tibet, Nepal, and India, however, to prevent the opening of formal relations between Nepal and Communist China.

Investigation by US Embassy, Manila, of the reports on which Philippine Defense Secretary Magsaysay based his recent statement that the Huks had adopted a policy of attacking Americans (See O/CI DD, 1 June 51, p. 5) has revealed the reports to be erroneous.

25X1

BURMA. Central Communist Command for Liberating Southeast Asia

Reported. THE NATION, a generally reliable Burmese-owned newspaper
in Rangoon, reported on 4 June that Chinese, Burmese and Indochinese
Communists have established an overall command for operations in
Southeast Asia. This command, known as the "Central Committee of
the People's Liberation Armies of Southeast Asia" is alleged to be
headquartered in Kunming, Yunnan and to be directed by a Chinese
"advisory board."

"advisory board."

COMMENT: Similar
reports have been received from numerous other sources, none of which

BURMA. Buddhist Priests Oppose Government in Elections. In a surprise move, the All Burma Sangha Party called upon the Burmese people to vote against the Government in the coming elections. It decried the Government's land nationalization policy as contrary to Buddhism, deplored the Government's reluctance to declare Buddhism the state religion. and accused Prime Minister Thakin Nu of defending Communism.

COMMENT: The Sangha Party is an influential organization of Buddhist priests. Self-interest is apparent in its declaration, but its direct attack on Thakin Nu, who is widely respected as a devout Buddhist, was not expected. The Sangha declaration probably reflects a deal with the conservative coalition which is opposing the Government in the forthcoming elections and it will adversely affect the Government's chances, especially in Rangoon and some of the larger towns.

INDOCHINA. Viet Minh Pressure Continues. Elements of three divisions of the rebel Democratic Republic of Vietnam (DRV) continue to probe French defenses along the southern leg of the Tonkin delta triangle. The six native battalions, which constituted the sole defending forces.

TOP SECRET
Approved For Release 2002/08/20 : CIA-RDP79T01146A000200320001-5

25X1

in this area at the outset of the rebel attack, have turned in a very creditable performance and have since been reinforced by three French regimental combat teams. French staff opinion is that DRV action is designed mainly for seizure of the current rice harvest and the reinfiltration of areas recently cleared. The French hesitate to reinforce their southern defenses further by withdrawals from the north for fear of Chinese Communist intervention. Other operational zones in Tonkin have been very quiet. Heavy action at the southern extremity of the delta is expected within the next 72 hours.

25X1

25X1

COMMENT: The most pressing need of the defending forces continues to be trained military manpower. The good performance of newly constituted Vietnamese units against some of the fiercest rebel assaults yet launched may encourage the French to put more reliance on the development of a native army.

B INDOCHINA. Bao Dai Show's New Optimism. Emperor Bao Dai told Minister Heath that he is experiencing new confidence that his government is winning the battle against the rebel DRV and that General De Lattre is sincere in his assertions that he is determined to do away with remaining French restrictions on Vietnam's independence as rapidly as possible. Bao Dai said that he is still receiving overtures from would-be defectors from the rebel ranks, but he doubted that any massive defections would occur until large sectors were put under Vietnam Army command, which De Lattre assured him would be done. Bao Dai said that he is pushing plans to manufacture small arms in Vietnam.

25X1

RCH

COMMENT: For several years Bao Dai has alternately praised the sincerity and criticized the intransigence of the French. Whatever the real feelings in the matter may be, it appears to be Bao Dai's most deep-seated conviction that the independence of Vietnam will be realized mainly through the creation of an independent Vietnamese military establishment. Although he has shifted his ground on many issues, Bao Dai has steadily pressed his aim to establish an army.

25X1

newspaper Phuc Hung states that the Tonkinese Dai Viet Party was formed with the aid of foreigners who also struggled against Com-**CPYRGHT** CPYRGHT munism". The article states that the government of Premier Tran Van Huu brought an end to this undesirable state of affairs and new unity to Vietnam. COMMENT: Coming from a newspaper which is widely known to be the mouthpiece of Premier Tran Van Huu, this article constitutes a crude admission of the Huu faction's hostility to the Dai Viet Party and an equally crude charge of US machinations on behalf of the Dai Viet. Although the Dai Viet had its erigins during World War II, the fact that the Frencheauthorities have frequently expressed their suspicion of WS-Dai Wiet complicity indicates that the "foreigners" in question are Americans and that Huu is acting on French prompting. The only basis for such a change is

INDOCHINA. Semi-official Viet Organ Prints Anti-US Innuende. The

TOP SECRET

that the Dai Viet, By establishing an administrative machine in Tonkin which was markedly more efficient than that of Huu's in the south, won the admiration of US efficials.

GHINA. Swedish Ambassador Offers Views on Peiping Regime. The Swedish Ambassador to Communist China, in an interview with US Consul General Heng Kong, stated that (1) Jhina's military and industrial potential has been "greatly overrated" by Western observers;

(2) the Chinese Communists are in "critical need" of shipping and a

prestige of the regime depends on acquisition of Taiwan; (4) Communist material losses in Korea are "very important," as the Soviets will "affix conditions" for resupply; (5) Peiping's Vice Foreign Minister did not reply to the Ambassador's inquiry as to whether he might assist in facilitating a truce in Korea; and (6) he believes MAO Tse-tung to be in "reasonably good health" and still firmly in control.

COMMENT: In regard to the above points, in order: (1) the Ambassador's estimate of a low Chinese military potential reflects the common Western emphasis on industrial development rather than manpower resources; (2) shipping figures show that most of the ships calling at China ports are Western flag vessels,

25X1

25X1

commitment to the eventual 'liberatiom' of Taiwan; (4) there are indications of a possible Sino-Soviet dispute regarding the supply of heavy equipment for Communist forces in Korea; (5) Chinese Communist officials thus far have ignored peace overtures from diplomats in Peiping; and (6) the Ambassador's opinion as to MAO's health and status is supported by a 29 May cable from MAO to the Cominform journal, stating that neither he nor CHOU En-lai could write a requested article as he (MAO) was "occupied" and CHOU was "unwell."

COMMENT: These figures are in substantial agreement with those of the UN command in Korea, which estimated, as of mid-May, that Chinese Communist losses totalled 336,000 killed or wounded, 60,000 non-battle casualties, and 4000 PWs. 25X1C

25X1C

25X1

*B** KORFA. New Communist Jet Aircraft Reported in Korean Theatre. A recent Air Force operational summary reports a 10 May sighting by a B-26 pilot of an enemy twin-jet fighter in the vicinity of Sinmak

TOP SECRET

in north central Korea. The pilot "definitely identified" the enemy fighter as very similar to, although "slightly more sleek" than, the German ME-262, which, in turn, bears the same superficial characteristics as the Soviet Type-8 jet. The enemy pilot "fired widly with no apparent aim, " which indicated that the enemy fighter may have been vectored into the area, but that radar aids were not used during the pass. FEAF comments that this incident is the third observation at close range of twin-jet enemy aircraft believed to be a model of the Type-8 fighter, which FEAF speculates "may be present in Korea for combat testing, possibly with a view to adaptation for use as an all-weather night fighter. The same Air Force summary reports the sighting of two possible Type-15 jet fighters which were observed on 29 May in the vicinity of Simuiju in northwest Korea. FEAF comments that previous observations of jet aircraft reported similar to the Type-15 fighter, were made in December, 1950, and that the May sighting, if true, may indicate "the conducting by the enemy of operational training in new jets preparatory to their introduction into the Korean Air War."

25X1

HCH.

JAPAN. Police Law Revision Bill Passed by Diet. "Central News" reports that the Diet's Upper House on 4 June approved the Pelice Law Revision Bill (already passed by the Lower House). Enactment of the bill will enable the Japanese Government to increase the strength of the National Rural Police by 5000 men and will remove present limits on the numbers of the Local Autonomous Police. The revised law also permits those communities with autonomous police units to integrate them into the National Rural Police.

25X1

enforced decentralization of Japan's Police system. The Japanese have complained on several grounds of the decentralization, namely that smaller communities in many cases could not afford to support an autonomous police force and that the limitations on the responsibilities of both national and local police left a "no man's land" of responsibility in some areas. The present law is designed to correct these deficiencies. The National Rural Police will now be increased from a 30,000 man limit to 35,000.

25X1

SECTION 3 (WESTERN)

"C" AUSTRIA. Gruber Doubts Value of Deputies' Treaty Talks. Austrian Foreign Minister Gruber was told this spring in London by Soviet Ambassador Zarubin that there would be no difficulties whatsoever in reaching full agreement on an Austrian treaty as part of a general settlement. Cruber has told Reber, US representative to the Austrian treaty talks, that in these circumstances he feels it would be useless to continue the deputies! discussions of the Austrian treaty separately from a general Big Four meeting. (The Austrian treaty deputies last met in March of this year.) Gruber even questioned the desirability of the deputies meetings if a Foreign Ministers! Conference were rejected by the USSR, or were long delayed. 25X1 COMMENT: The Austrians, who used to urge the Big Four to continue their efforts to arrive at agreement on a treaty, have come to appreciate that the USSR does not want a treaty, and that diplomacy on the subject only produces new Soviet stalling tactics resulting in a stalemate.

Substitutions Likely Among People's Party Cabinet Ministers. Austrian Interior Minister Helmer, a Socialist, commenting on possible changes within the coalition People's Party, has told US Legation Vienna that he doubts whether Chancellor Figl will retain his post when the Government is reformed after the inauguration of President Koerner later this month. According to Helmer, Foreign Minister Gruber is "pressing forward" and might become Chancellor; the Socialists, however, consider Figl preferable to any other People's Party leader because of his diligence and abilities as a conciliator. Helmer also expressed the opinion that the Ministers of Education and of Trade and Reconstruction are certain to resign, and that the Ministers of Finance and Agriculture will probably 25X1 do likewise. COMMENT: The People's Party. smarting after its defeat in the presidential election, feels that it must make some changes. Its differing factions will have difficulty agreeing

"A" MOROCCO. Communists to Sabotage Defense Construction. According to the US Army Attache in Tangier, Communist agents are attempting to foment labor difficulties among the natives in order to hinder the forthcoming air base construction in Morocco. The Attache comments that no mass adherence to Communist policy is considered possible because the local Arabs have fond memories of the US wartime occupation forces, and also because the dominant nationalist party is opposed to Communism. The Moroccan Communist organization is also reported to be distributing anti-US leaflets, particularly in the Casablanca area, but the Attache points out that the majority of the Arab population is illiterate and hence little influenced by such propaganda. 25X1

on a successor to Figl, although some Cabinet Ministers are likely to be

replaced.

COMMENT: Communist efforts in Morocco have heretofore been confined to a few industries in limited areas, and Communism is largely unknown to the Moroccan people generally. Any attempts at sabotage will probably have little effect on defense construction. Efforts to propagandize the native population will probably not be very successful, if as has been reported, the Communist Party in Morocco has gone underground.

NETHERLANDS. Closer Atlantic Community Favored. According to Dutch Foreign Affairs Minister Stikker in talks with the US permanent delegate to NATO, the hope is growing that Europe can be integrated in an Atlantic Community on a practical basis, following the US and UK lead, rather than in a "tight continental bloc". This point of view is shared by UK Labor and Conservative leaders as well as some French and West German leaders.

COMMENT: In recent months, sentiment, except in Italy, has grown for a long range development of NATO for political and economic objectives as well as military. UK unwillingness to participate wholeheartedly in proposals for a federated Europe and France's failure to live up to earlier expectations of forceful leadership on the Continent have also contributed to this attitude.

25X1

had a strong appeal.

Communists Show Gains, Neo-Fascists Win Balance in Sicilian Regional Elections. Returns from 3,179 of Sicily's 3,827 voting districts in the Regional elections held on the week-end of 2 June give the Christian Democrats 564,203 votes, the Communist-Socialist bloc 559,030, and the neo-Fascist Italian Social Movement (MSI) 232,609. Because neither the Christian Democrats nor the Communist bloc obtained an absolute majority of the ninety seats in the semi-autonomous Regional Parliament, the MSI now appears to hold the balance of power. Both Christian Democrats and Communists show gains over the 1947 regional elections. The Christian Democrats have clearly lost strength in Sicily since the 1948 national elections, when they polled 1,635,000 votes as compared to 465,000 for the Communist bloc. Political observers in Rome explain this change by pointing to the fact that although the majority of Sicilians are anti-Communist, they are nevertheless dissatisfied with the policy of the Christian Democratic Government in Rome. 25X1 COMMENT: Sicilians are traditionally hostile to the Rome Government except when impelled through terror of Communism, as was the case in 1948, to support it. Despite their traditional conservatism, the recent vote suggests that they consider the Communist Party the only hope for economic improvement. The Communists also advocated greater Sicilian autonomy, which apparently has

SWITZERIAND. Swiss to Participate Reluctantly in European Agricultural Pool Conference. The Swiss Government has accepted an invitation to take part in the conference concerning a European pool for agricultural products. 25X1 Although the Swiss are not optimistic over the proposal, they feel that non-participation would be disadvantageous to them.

TOP SECRET

9

COMMENT: The Swiss will strongly resist all efforts to pool European agricultural production. The agricultural sector in Switzerland is the least liberalized in terms of international trade, because the landlocked Swiss have sought to maintain present levels of agricultural production, the least competitive sector of their economy, as a measure of national security. The wisdom of this policy was proven during the last war when the Swiss were greatly dependent upon domestic food production.

25X6

nC n

25X1

BOLIVIA. US to Recognize Bolivian Junta 7 June. The Department of State has instructed US Embassies in Latin America to inform the various Foreign Offices that the US feels that the Bolivian junta has established effective government authority over Bolivian territory and has given satisfactory indication of its intent to honor its international obligations, and accordingly Embassy La Paz has been directed to resume US relations with Bolivia on 7 June.

France, and Italy have indicated that they will follow the US lead in recognition. Six Latin American countries and Spain already have recognized the junta.

URUGUAY. Communist Party Purge Continues. During a secret meeting of the National Committee of the Uruguayan Communist Party (PCU) on 27 May 51, Hector Rodriguez and Antonic Richero were officially removed from all party positions. This purge is also being extended to lower-level leaders in the Montevideo Department.

Richero has been active in

25X1C

25X1A

forming an autonomous textile syndicate which, if successful, would further weaken Communist control of Uruguayan labor.

25X1A

follows his demotion from important party positions three months ago for insisting that the PCU should concentrate on domestic problems rather than force the party to take a stand on international affairs. (See OCI Daily Digest, 7 Mar 51.) This latest step was probably occasioned by his failure to state his intention to abandon his deviationist tactics. The removal of Richero, one of the two PCU deputies in the present Uruguayan Congress and Secretary of Party Finances, comes as a surprise, however. There has been no previous indication of his being out of favor with the party; as recently as January the Secretary General of the PCU described Richero as "one of his most faithful men". Although Rodriguez has for a long time been one of the leaders of the Textile Workers' Union, there has been no other reporting of Richero's connections with labor in that industry.

SECRET

SHAM

CENTRAL INTELLIGENCE AGENCY

49211 a_

DAILY DIGEST SUPPLEMENT

JUN 5 1951

25X1

SECRET

SECRET

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

5 June 1951

SECTION 2 (RASTERN)

25X1

u Y n	AFGHANISTAN. Evidence of Communist Propaganda. US Embassy Kabul has re-	
	A COME OF an amtigate the Table to	
	winter "Islam in the Soviet Imion" The entire and components of the solution	
	The bovies ambassy in Kapul to the Islamic Missions those who who who were	
	- + Old In In More Will Dropable that the same antigle in Donata tare 1 - 1 - 1	
	is being given surreptitious distribution among the Afghans. The Embassy	
	points out that if the USSR could break down Afghan distrust of Soviet	
•	- PATRIOUS DOLLEY, SOVIAT Denotration of this formalisms - we	
	would be greatly facilitated. However, it believes it unlikely that the	
	Soviets have had much success to date.	
	COMMENT: This is the second recently noted piece of documentary evidence	X1
	of Soviet propaganda in Afghanistan. The first was a mimeographed paper	
	mraising Communism, which was found in the bazaars in 25	
	Jalalabad a few months ago. in the bazaars in 25	X1C
•		1
uBn		
`	• •	
2570		
25X6		
•		
4		
' '		
;		
į		

SECRET

12

25X1