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TOP SECRET



9 May 1951



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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



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Four
GENERAL

1. USSR proposes Big Five meeting to prepare Japanese Peace treaty:

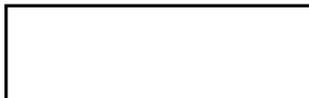
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In a 7 May memorandum to the US Ambassador in Moscow, the USSR proposed a meeting of the foreign ministers of the USSR, US, France, Britain and Communist China in June

or July to begin preparing a Japanese peace treaty. The note sharply criticized the US draft treaty (which the USSR received on 29 March), charged that the treaty had been prepared incorrectly because the USSR had not participated, and outlined Soviet counterproposals.

Comment: The Soviet position, allegedly based on the Potsdam Agreement, has consistently been that a Japanese peace treaty should be prepared by the Council of Foreign Ministers, including Communist China and operating under the veto power. At the last Council of Foreign Ministers' meeting in May 1949, Far Eastern questions were not on the agenda, but the USSR proposed that a date be set for a Big Five meeting to discuss a Japanese treaty. On 3 March 1951 Soviet UN delegate Malik refused to continue talks regarding the treaty with Ambassador Dulles (which had taken place on 16 October, 20 November and 13 January) and publicly denied having entered them, thus indicating no substantive interest in the US-sponsored draft treaty. Since the USSR is aware that the proposal contained in its 7 May memorandum is unacceptable to the Western Powers, the Soviet note must have been intended to divide Japanese public opinion and to reaffirm for propaganda purposes Soviet interest in a speedy conclusion of a treaty. The Soviet note also serves to document a case for the future denunciation of the Western treaty and the maintenance of US forces in Japan. The charges that the US has violated postwar agreements concerning Japan, such as Cairo, Yalta and Potsdam, are similar to Soviet denunciations of US policy toward Germany.



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2. Attitude of UK delegate continues to delay Yugoslav aid talks:

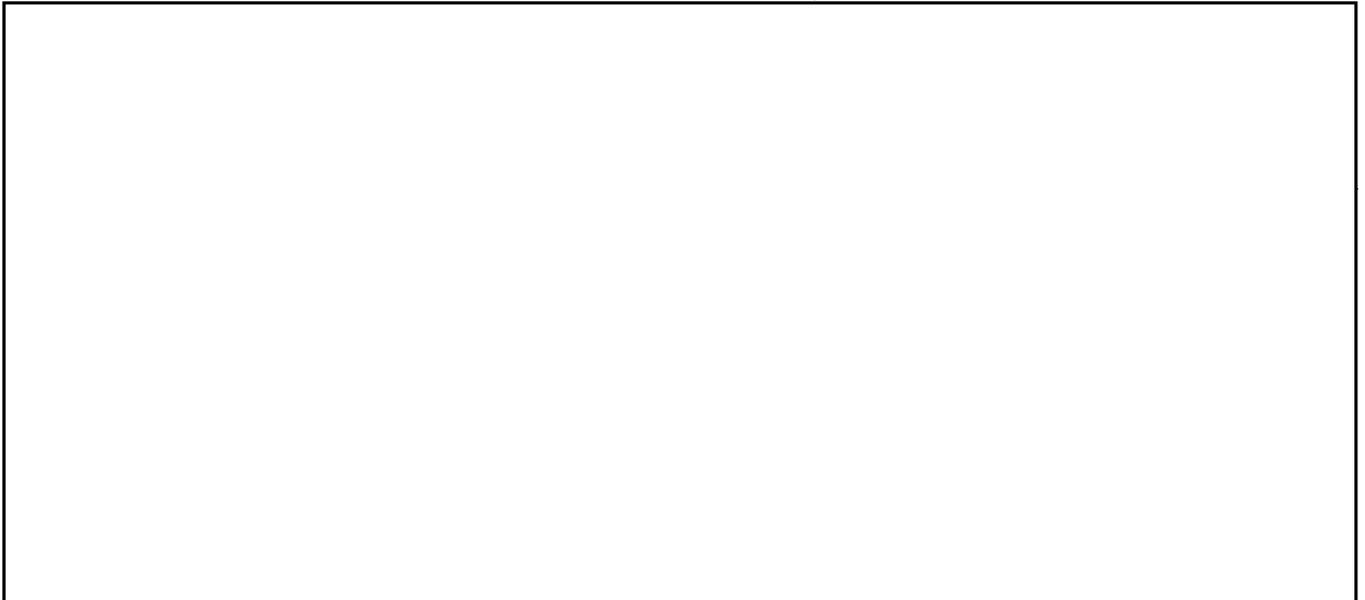
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Progress in the US-UK-France talks in London on economic aid to Yugoslavia continues to be impeded by the "stalling" of chief UK delegate Mudie (the Treasury representative), in the opinion of the French and US delegations. The UK Foreign Office representative, on the other hand, has played a very passive role in the negotiations and the US representatives therefore question whether Mudie's tactics are deliberate UK governmental policy. The US delegation believes that only a UK Cabinet decision announcing approval of the UK's taking a significant part of a grant aid program for Yugoslavia will prevent "further interminable jockeying for position" on relatively unimportant economic issues.

Comment: Having previously given tangible evidence of its concern for the strengthening of the Yugoslav position, the UK is balking at present mainly on the principle of grant aid (which the UK alleges would establish precedents likely to be exploited by certain British dependents and allies) and on the actual apportionment of the economic burden. The US delegation reported on 4 May that the delay might have a bad effect on the attitude of the Yugoslavs.

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Yugos
to
UK
FRANCE

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*Inochin
France
Korea*

4. UK High Commissioner's views on the situation in Vietnam:

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In an interview with US Minister Heath at Saigon, the UK High Commissioner for South-east Asia, Malcolm MacDonald, claimed that the French were not deliberately delaying the creation of a Vietnamese Army and that De Lattre was becoming increasingly aware of the subtleties of the political situation. Observing that Prime Minister Huu was obviously not popular, he thought, however, that Huu was getting real results and was putting the Vietnamese Government on a working basis.

With regard to Chinese Communist intentions in Indochina, the UK High Commissioner, stated that Korea probably was a restraining influence on the Chinese Communists, but pointed to the probability that the sort of limited Chinese intervention which occurred in Tonkin during April would be repeated.

Comment: MacDonald is an experienced observer of Southeast Asian affairs, but tends to be optimistic.

5. Problem of Chinese Nationalist troops in Burma still unsolved:

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Acting on instructions from the US Department of State, US Ambassador Key in Rangoon has informed the Burmese Foreign Minister that the US has directed its Minister in Taipei to obtain from the Chinese Nationalist Government an estimated date by which Nationalist troops will have been withdrawn from Burma. At the

*Burma
China*

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same time, Ambassador Key pointed out to the Foreign Minister that a Burmese appeal to the UN for aid in expelling the Nationalists would be advantageous only to the Chinese Communists. After expressing his deep appreciation of prompt US action, the Burmese Foreign Minister said he would advise his government to postpone an appeal to the UN until the outcome of the US approach to Taipei has been established.

According to US Minister Rankin in Taipei, the Chinese Nationalist Foreign Minister can see no practical early solution to the problem and has declared that if the issue were forced he would have to state publicly that his government cannot control these troops and that the Burmese Government is free to take "appropriate action."

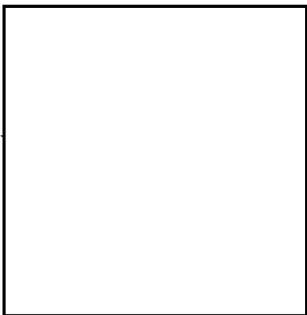
Comment: When it becomes apparent that the Taipei authorities are incapable of controlling Nationalist forces in Burma, the Burmese Government may well carry out its threat to appeal to the UN in order to prove to the Chinese Communists that it is not voluntarily harboring the Nationalists.

NEAR EAST

6. Talks between Afghanistan and Pakistan continue:

*AFGHANISTAN
PAKISTAN*

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The US Charge in Kabul reports that the informal talks in Kabul between Colonel Shah of Pakistan and Faiz Mohammad Khan of Afghanistan are about to be interrupted while Shah returns to Karachi for consultation. While the basic viewpoints of the two governments remained unchanged, Colonel Shah intimated to the US Charge that he feels something has been accomplished.

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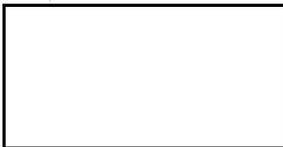


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Comment: The US has been actively promoting a settlement of the frontier dispute involving Afghanistan and Pakistan. While the situation has looked nearly hopeless for many months, the present informal, but government-sponsored, talks are the first glimmer of hope. Since the basic positions of the two governments are almost diametrically opposed and since both governments have public opinion to reckon with, a solution to the dispute is still distant.

7. Iraqi Prime Minister interested in solution of Iranian oil problem:

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Iraqi Prime Minister Nuri Said has suggested to the UK and US Ambassadors in Baghdad that Iranian Foreign Minister Kazemi might be persuaded to exert a modifying influence on Prime Minister Mossadeq in the oil issue. Nuri suggested that he might be persuaded to do so through his many friends in Turkey.

Comment: The Iraqi Prime Minister and other Iraqi politicians are greatly interested in the present Iranian oil nationalization, for they see in it a useful wedge for increasing Iraq's share in the profits of the Iraq Petroleum Company. With this in view, Prime Minister Nuri requested the Saudi Minister in Baghdad in early April to secure certain data on the newly negotiated contract between Saudi Arabia and Arabian American Oil Company. Nuri's suggestion that Kazemi might be useful in the Iranian oil crisis is a somewhat dubious one. Kazemi, who has served as Iranian Ambassador to Iraq and Turkey, probably made friends in both countries during his tenure as Ambassador, but has been subsequently reported as persona non grata in both countries.

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STRIP

8. Israel charges Syrian Army aggression:

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On 7 May, the Israeli Ambassador in Washington requested the US Department of State to use its good offices in restoring peace in the present Israeli-Syrian dispute. He insisted that his government had evidence

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which proved that the Syrian Army was actually involved in the fighting.

On the same day, Israeli Delegate to the UN Rafael voiced similiar opinions to the US Delegate. Rafael, in criticizing the UN organization in the Palestine area, expressed the hope that Major General Riley, Chief of Staff of the UN Truce Supervision Organization, would return to Palestine at once since "he is the only man" who could restore the prestige of the Truce Supervision Organization. Rafael concluded by alleging that France was inspiring Syrian aggression against Israel.

Comment: Syrian spokesmen have been equally strong in accusing Israel of aggression. Because of heavy gunfire in the area of the dispute, UN observers have been unable so far to obtain first hand details concerning the most recent border incidents.

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12. French Communists show concern over tactics of deviationists:

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In the opinion of the US Embassy in Paris, the continued attention which Humanite is devoting to the "independent" Communist movement indicates that the national deviationists are already proving to be a nuisance. Daniel LeCorre, who has emerged as a leader of the defectors, has announced that the "independents" will enter candidates in the forthcoming National Assembly election unless French Communist Party candidates denounce their subservience to Stalin. Humanite concedes that this maneuver could interfere with French Communist Party success at the polls.

Comment: Unless the deviationists can command a sufficiently widespread following to present candidates in almost every department, they would not be able to reduce materially French Communist Party representation in the next National Assembly. The large Communist vote in France underwrites the Communist economic platform rather than the party's ideology, and tends to look upon a strong Communist Party as the most effective champion of the working class. The rising cost of living will remain a telling political argument for the French Communists.

LATIN AMERICA

13. Bolivian Foreign Minister claims Paz Estenssoro ineligible for presidency:

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[REDACTED]

The Bolivian Foreign Minister has told the US Embassy in La Paz [REDACTED] that Victor Paz Estenssoro, the Nationalist Revolutionary Movement presidential candidate, is not legally eligible for the presidency because he is (a) out of the country, (b) not registered as a voter and (c) subject to proceedings connected with abuses when his party was in power. Incomplete returns from the 6 May presidential election credit Paz with the greatest number of votes but not the fifty percent plus one required to win; therefore,

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[redacted]

according to the constitution, the matter will go to Congress in August. If the government maintains this strict constitutional interpretation, a Nationalist Revolutionary Movement-sponsored revolution seems to be the logical outcome.

Comment: The Nationalist Revolutionary Movement is convinced that it is morally entitled to the presidency. If the government should now attempt to disqualify Paz, his party will very probably resort to revolutionary activity.

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