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[Redacted]

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17 November 1951

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Copy No.

47

**CURRENT INTELLIGENCE BULLETIN**

*X 50*

DOCUMENT NO. \_\_\_\_\_  
NO CHANGE IN CLASS.   
 DECLASSIFIED  
CLASS. CHANGED TO: TS S C  
NEXT REVIEW DATE: 2009  
AUTH: HR 70-2  
DATE: 11-12-79 REVIEWED: [Redacted]

[Redacted]

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Office of Current Intelligence

**CENTRAL INTELLIGENCE AGENCY**

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State Department review completed

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FAR EAST

1. Comment on Philippine elections:

Incomplete returns from the Philippines indicate that President Quirino's Liberal Party has suffered a severe defeat in what appears to have been a surprisingly honest election. The latest unofficial count shows all nine Nationalist candidates leading for the contested seats in the Senate. Further returns from the provinces will almost certainly add to the Liberal vote but the Nationalists seem to have won at least five seats.

Even if all the opposition candidates should win, the Liberals will retain nominal leadership of the Senate. Factionalism within their ranks, however, will limit their effectiveness and will probably result in de facto control by a coalition of Nationalists and anti-Quirino Liberals. Such a combination may curtail the power of President Quirino to make executive appointments.

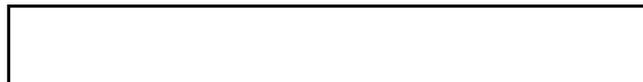
The wartime puppet President, Jose Laurel, who headed the Nationalist ticket, has apparently won a seat, and will exercise considerable influence in the new Senate. His strongly anti-American attitude, however, is not shared by other prominent Nationalist candidates, who as a group are of a distinctly higher caliber than their Liberal opponents, and are fully aware that their country's defense and economic welfare are dependent on the US.

Quite as important as the political results of the elections is the fact that they appear to have been a genuine expression of the voters' will -- in marked contrast to the elections of 1949. The US Embassy in Manila reports that the psychological effect of the apparent Nationalist victory has been excellent, that faith in democratic processes has been regenerated and that the ground has been cut out from under Communist propaganda.

The widespread fear that the Huks would be able seriously to disrupt the balloting did not materialize, which reflects their reduced capabilities.

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NEAR EAST - AFRICA

2. Lebanon's position toward Middle East Command hardens:

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Lebanon's position is hardening against the Middle East Command proposal. Lebanese opinion is rapidly reaching a point where cooperation with the West will be difficult to obtain pending settlement of the Egyptian affair.

The US Minister in Beirut voiced this opinion after noting the government's unwillingness to oppose public opinion on the Egyptian issue. The Minister felt that his general impressions were supported by the statement of a Lebanese Parliamentary deputy, who said, "I think we are now in a position to dictate terms to you, and if I were the responsible government official I would make them hard."

Comment: In the past weeks Lebanese officials had not only privately expressed interest in the Middle East Command but had urged other Arab leaders to assist them in a cautious promotion of Arab consideration of Command proposals. If Lebanon, with its progressive and relatively westernized population, is now inclined to go along with militant nationalism, there is little chance that other more recalcitrant Arab states will react favorably to the Command.

3. Comment on Egypt's compromise offer on the Anglo-Egyptian Sudan:

Egypt's sudden offer in the UN General Assembly to withdraw its troops and officials from the Anglo-Egyptian Sudan if Britain takes similar action, the joint withdrawal to be followed by a free election, is less an actual compromise than a tactical move to gain support in the UN for Egyptian claims on the Sudan.

Since Egypt has a relatively small number of troops -- possibly a thousand -- and officials in the Sudan, it would have little to lose should the offer be accepted. Even though the Sudan is technically an Anglo-Egyptian responsibility, it has been under almost exclusive British administration.

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Egypt's offer regarding the Sudan may also have been designed to counter the effect of the recent British announcement that the Sudan was "moving rapidly in the direction of self-government" and that the region would become self-governing probably by the end of 1952. British officials have stated they would study such an Egyptian plan but that the terms for a plebiscite would have to be agreeable to Sudanese leaders.

4. Arab states tentatively offer to let Moroccan question rest:

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The Iraqi and Syrian delegates to the UN General Assembly have indicated that they are not anxious to embarrass France by a discussion of the Moroccan situation. If France will agree to the inclusion of the item on the agenda for this session, the Arabs will not press for its consideration. The Iraqi delegate also implied that, if France would assure the Arabs of its good intentions and plans to improve conditions in Morocco, the Arab states might let the matter rest.

Comment: Iraq, together with Egypt, has led the attack on France's activities and policies in Morocco; official Iraqi opinion has not, however, been convinced of the merits of discussing the case at this time.

Regardless of the Arab position, France may not be faced with a UN discussion of Morocco at this session because sufficient support is not presently available to overrule the UN General Committee's postponement of a discussion.

5. Tunisians seek greater governmental responsibility:

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A formal Tunisian request for additional native participation in the government of Tunisia is under study by the French Foreign Office. Demands include election of a Tunisian legislative assembly,

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temporarily with limited powers, creation of an all Tunisian cabinet, and replacement of all French civil employees in the Tunisian Government. The French are unlikely to make such sweeping concessions to native demands.

Comment: The Tunisian delegation, including the Prime Minister and Minister of Justice, has been in Paris for almost a month in connection with this petition. The natives generally are dissatisfied with the ineffectual French reform program initiated last spring, and are increasingly insistent that they share in the country's administration.

Vested French interests in Tunisia, however, strongly oppose even the present reforms, and are exerting pressure upon the French Government not to alter the status quo. French failure to make any compromise might cause the resignation of the Tunisian cabinet members and would set off anti-French demonstrations and disorders.

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WESTERN EUROPE

7. French accede to American proposal on Austrian treaty:

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[REDACTED] The French Foreign Office is reported to have substantially modified its attitude with respect to the Austrian treaty and is now prepared to accept the eventual introduction of an abbreviated treaty draft. The French feel, however, that the text proposed by the US is still open to discussion. They also feel that the West should make one more attempt to reach agreement on the old treaty, and show its good faith by considering further concessions to the Soviet Union.

Comment: Inasmuch as the objections of the French to the proposed shorter treaty reflected fundamental concern that the mechanism of treaty discussions might thereby be disrupted, their concession on this point is a considerable one. US preference for immediate presentation of the abbreviated treaty upon reconvening the treaty deputies, however, has not been shared by the British, French and Austrian Governments.

8. French Foreign Office seeks to tighten administration of export controls:

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[REDACTED] The French Foreign Office has expressed serious concern over a recent "startling" example of maladministration in the Finance and Economic Affairs Ministry, which permitted strategic hydraulic press equipment to be exported on an "obviously fraudulent" export license application and without a destination control check. The US Embassy in Paris has proposed that an official note be sent to the Foreign Office expressing US concern over such negligence. Foreign Office officials have privately indicated that such a note would support their efforts to improve the regulation of exports.

Comment: Although the French have insisted upon their right to export limited quantities of critical commodities to the Orbit in exchange for "vital" imports such as grain and coal, their attitude has been increasingly favorable to US policy and legislation on East-West trade regulation. In view, however, of the developing crisis in French

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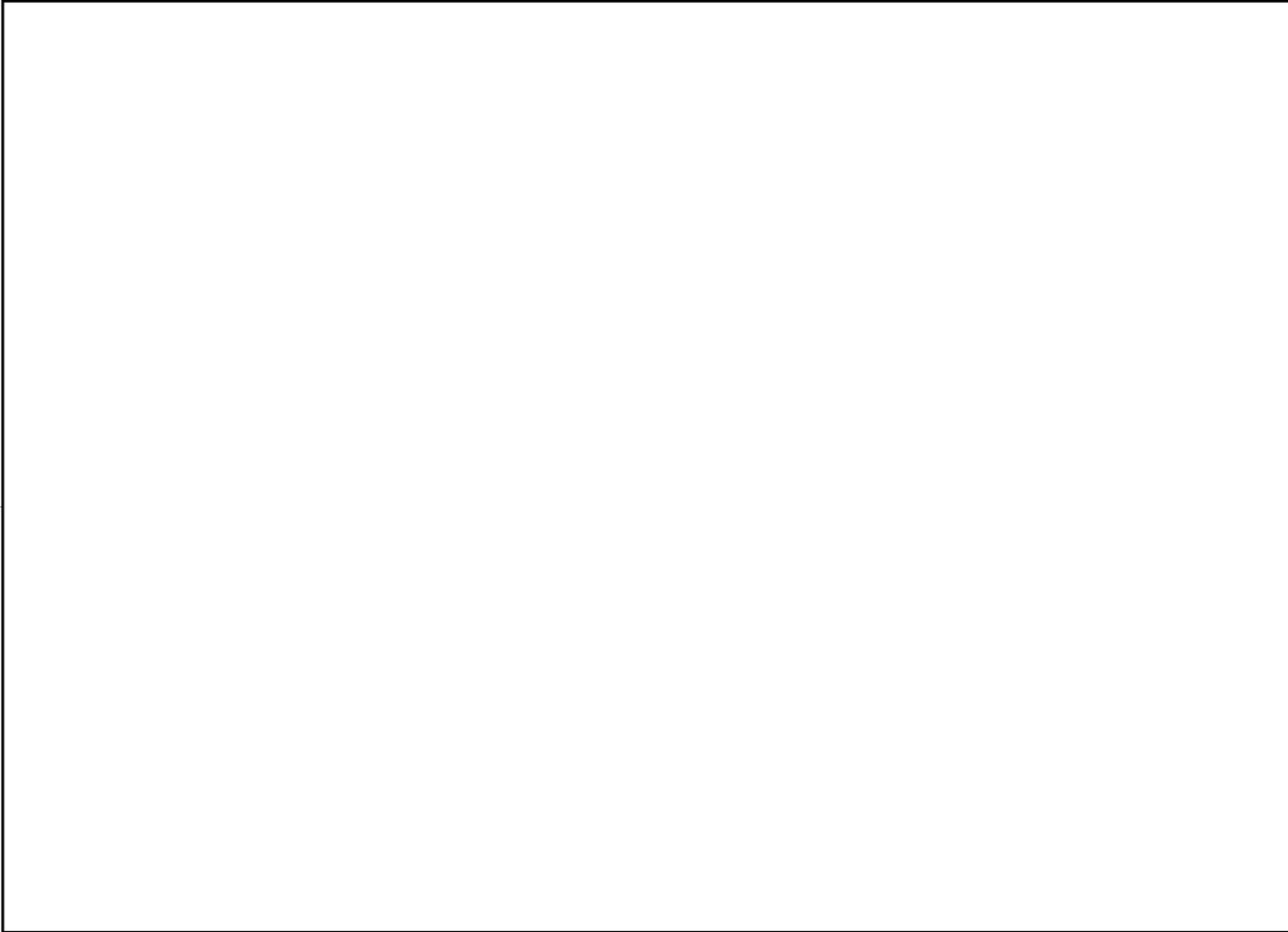
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dollar resources, French resistance to tempting offers from Eastern Europe is likely to be lowered.

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