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SUMMARY OF CONTENTS

THE SOVIET WORLD Page 4

PROSPECTS IN THE ARAB-ISRAELI DISPUTE Page 5

Developments in the Palestine area point to a continuation of the present tension. Israel apparently is willing to risk war in order to force the Arabs to negotiate a peace which would end their political and economic boycott.

FACTORS THREATENING FRANCE'S INDOCHINA POLICY Page 8

France's present Indochina policy was reconfirmed by the National Assembly largely for lack of an acceptable alternative, but domestic pressures continue to build up for some other solution relieving France of its responsibility.

THE PROSPECTS FOR A JAPANESE DEFENSE BUILD-UP Page 10

Japan has clearly indicated its unwillingness for economic reasons to assume immediately the burden of increased rearmament, but domestic factors may eventually bring about a change in the government's attitude.

ACTIVITIES OF CHINESE COMMUNIST BANKS IN SOUTHERN ASIA VALUABLE TO PEIPING Page 12

Branches of Peiping's Bank of China in southern Asia have been extremely useful in extending Chinese Communist influence in that area.

WEST BERLIN'S SECURITY PROBLEM Page 14

There have been few changes directly affecting the security of West Berlin since January 1953. Nevertheless the Communists' greater ability to isolate the city without disadvantages to themselves and the death of Mayor Reuter have contributed to a growing uneasiness there.

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SPECIAL ARTICLE. COMMUNISM IN THE LATIN AMERICAN
REPUBLICS Page 17

Expanding diplomatic and commercial relations with the Orbit, together with the greater attention given Latin America by international Communist front organizations, are symptomatic of a situation in Latin America favorable to the growth of Communist parties.

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THE SOVIET WORLD

Ambassador Bohlen, commenting on Voroshilov's speech on the anniversary of the October Revolution, noted that its tone was sharper than utterances during the spring and early summer by Soviet leaders, and that it omitted the previous statement that there were no international questions in dispute which could not be settled by agreement. However, in Bohlen's opinion the speech contained no specific threat of Soviet action.

Voroshilov presented the standard picture of a peace-loving Soviet Union versus an imperialist camp headed by the United States, and left a generally discouraging impression as to the possibilities for settling outstanding issues in the immediate future. The speech continued the strong propaganda build-up of Communist China which has been characteristic of the post-Stalin era. This description of Communist China as a world power is unquestionably part of Moscow's attempts to flatter Peiping at no great expense.

Regarding the Korean political conference, Voroshilov furnished additional evidence of Communist unwillingness to accept UN recommendations on the composition question. He also gave the customary harangue on the West's policy of rearming Germany.

In line with Voroshilov's appeal to French fear of German rearmament, Soviet ambassador Vinogradov in a recent conversation in Paris with the French ambassador to the USSR repeated his earlier views that the Soviet Union and France have a common interest in preventing German remilitarization and should consequently exchange views on the German problem. Vinogradov, in contrast to his position last summer, appeared to expect the ratification of the EDC treaty by the French parliament.

Tito's congratulatory telegram to Voroshilov and the attendance of high Yugoslav officials at a Soviet reception in Belgrade to celebrate the revolution anniversary have no precedent during recent years, but indicate no basic change in Belgrade's policy toward the USSR. The Yugoslav actions rather reflect the recent normalization of diplomatic relations with the Soviet government and may also be linked to the Trieste dispute as a timely warning to the West that Belgrade intends to retain its independence and initiative in international affairs. Recent Yugoslav radio broadcasts have asserted that this year's October Revolution slogans were "formulated by Kremlin bureaucrats," and have been particularly derisive of the Soviet foreign policy themes.

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PROSPECTS IN THE ARAB-ISRAELI DISPUTE

Developments in the Palestine area point to a continuation of the present tension (see map, p. 7). Israel apparently is willing to risk war in order to force the Arabs to negotiate a peace which would end their political and economic boycott. The Arabs are unlikely to resort to war, but further border troubles, particularly if these follow Security Council decisions unpalatable to the Arab world, will strengthen their bitterness toward the West.

The sudden increase in the last two months of border incidents provoked by Israel seems partially due to the Ben-Gurion government's irritation over the increasing effectiveness of the Arabs' political and economic boycott. Iraq's refusal to open the Kirkuk-Haifa pipeline, Egypt's continued restrictions on Suez Canal shipping bound for Israel, and the Arab screening of goods from Cyprus and other transit points, coupled with increased Arab threats against Western firms dealing with Israel, have all helped intensify Israel's economic difficulties.

The most serious development this year from the Israeli viewpoint is the American effort to reduce Middle East tensions by putting aid to the Arab countries more or less on a par with that given Israel. Rumors that the United States and Britain might provide arms to the Arabs, specifically Syria and Iraq, have increased Israel's fears of being put at a disadvantage.

On 4 November, about three weeks after the Qibya raid, an American army attache in Amman, pointing to the call-up of additional reserves and the build-up of gasoline stocks, reported that an Israeli attack on Jordan was possible because of the army's desire for open hostilities with the Arab Legion. A similar interpretation had been made in earlier reports by American officials.

The American charge in Tel Aviv believes that the basic motivation behind Israel's sudden commencement of the upper Jordan diversion project was to forestall the American-proposed "TVA" plan by arousing the Arabs' opposition to the point where they would oppose any scheme involving Israel. He also believes that the purpose of the raid against Qibya was to create such turmoil that the UN Security Council would become involved and urge, among other things, a negotiated Arab-Israeli peace.

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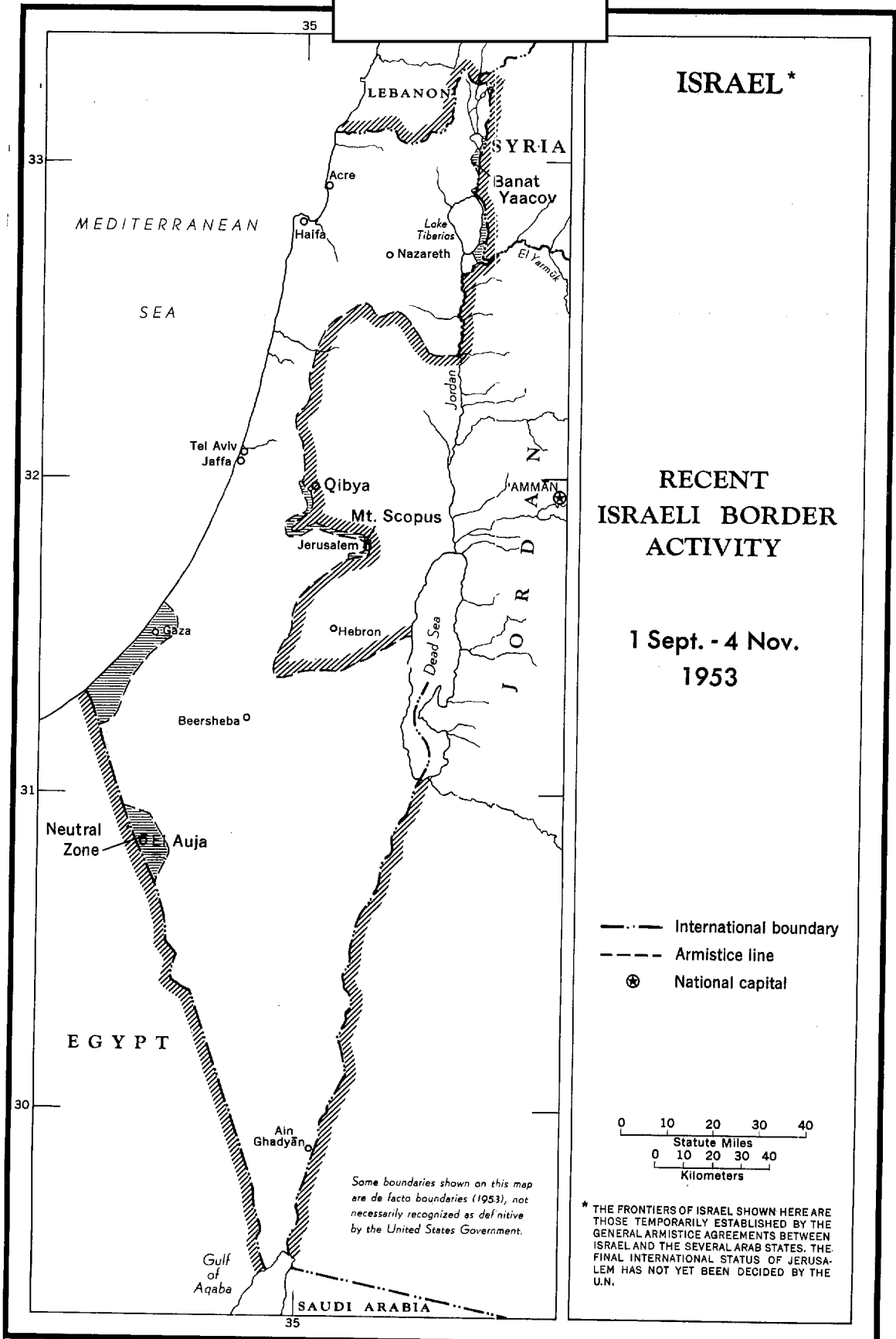
The impending retirement of Prime Minister Ben-Gurion offers no immediate prospect for a more moderate Israeli policy toward the Arab states. Eshkol and Lavon, the two leading candidates for the premiership, are known as loyal supporters of the strong-willed Ben-Gurion, while the more moderate Foreign Minister Sharett, who has at times differed with Ben-Gurion, is not believed by the embassy in Tel Aviv to have much chance of succeeding him.

Arab countermoves to Israeli maneuvers seem to be primarily defensive. Nevertheless, the deployment of a considerable portion both of the Syrian army and Jordan's Arab Legion near the frontier area increases the risk of conflict with the Israelis. Popular resentment in Jordan over the Legion's failure to prevent the Qibya attack makes it more difficult for Jordanian commanders to avoid armed action in the event of future incidents along the frontier or in the Mt. Scopus area near Jerusalem.

Arab reaction to recent developments points to increasing bitterness toward the United States. There has been biting press criticism of Washington's decision to renew aid to the Ben-Gurion government. The Arabs also continue to insist that Israel agree to the repatriation of the refugees from Palestine. The recent statement by General Nagib of Egypt that the United States is morally responsible for the refugees suggests that this problem likewise will invite further criticism even from friendly Arab leaders. Conferences between Arab leaders and Eric Johnston regarding the US-sponsored "TVA" project reveal generally a strong, if polite, opposition to a scheme involving cooperation with Israel.

Reaction within Israel to the UN Security Council discussions and to the border situation suggests that Ben-Gurion or any likely successor will continue pressure on the Arab states for a peace settlement to end the political and economic boycott. Having had some success in achieving local objectives on the Jordan River diversion project and in the El Auja neutral zone on the Egyptian frontier, Israel may be expected to continue its program of strengthening its defenses and its economy even at the risk of outright war.

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FACTORS THREATENING FRANCE'S INDOCHINA POLICY

The Vietnamese reservations on French Union ties and the Soviet hints of a five-power settlement on Southeast Asia, let fall in Moscow's 3 November note, are additional latent threats to the continuation of France's present Indochina policy.

The National Assembly recently reconfirmed this policy largely because no acceptable alternative was in sight, and its preoccupation with hopes for a negotiated peace explains the Laniel government's presentation of the Navarre plan as a means of inducing the Viet-Minh to ask for negotiations.

Following the Indochina debate of 28 October, the National Assembly rejected motions by both Communists and Socialists for immediate negotiations. It accepted by 315 to 251 a government-supported resolution calling for the development of native armies to relieve the French forces, efforts to reach a general peace in Asia by negotiation, a sharing of France's burden among the free nations, and continued adherence of the Associated States to the French Union. While this represents no change in official policy, the premier's repeated emphasis on France's willingness to negotiate whenever the Viet-Minh seeks talks is stronger than any similar statement since the Indochina war began.

It is evident that hopes for early negotiations with the Viet-Minh are unrealistic, since there is no prospect of a decisive French military victory in the near future. The Navarre plan does, however, offer a feasible program for the gradual replacement of French troops by Associated States forces, possibly by 1954-55. Unless political bickering disturbs the development of this potential, General Navarre may then be able to repatriate a large number of French troops.

An inherent weakness of the government's present policy, however, lies in the announced intention to seek negotiations through military success. Such a policy runs the risk both of encouraging the Viet-Minh to hold on militarily until French patience is exhausted, and, if an extended armistice were concluded, of giving the Viet-Minh an opening to take over by political means. The growing emphasis on negotiations also tends to hamper a cooperative military effort by arousing Vietnamese distrust of French intentions. On the other hand, gains in military strength by the Vietnamese -- which have thus far been slow -- tend to give them the ability to take a strong stand against any negotiations with Ho Chi Minh.

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The responsible French press is already discussing alternative courses for the government if the Navarre plan does not better the French position sufficiently to permit a phased military withdrawal. These alternatives are to seek direct American participation and to request formal intervention by the United Nations. Withdrawal of French forces is not now considered militarily feasible, but might be threatened in an attempt to internationalize the conflict. Paris would probably think twice, however, about losing control of the dollar balances accruing from United States aid for the Indochina war, and about the possible repercussions on French-American relations and the French position in Africa.

Nevertheless, the impatience at home continues to grow. The demand on 8 November by Defense Minister Pleven's small but influential left-wing party, over his opposition, for an immediate ceasefire in Indochina is symptomatic of the increasing ferment within all French parties over continuation of the war. The issue of five-power talks, touched on again in the Soviet note of 3 November, has already split the cabinet, with Vice-Premier Reynaud demanding that five-power talks on Far East problems take precedence over any four-power talks on Germany. Reynaud's supporters seek a cut in Communist Chinese aid to the Viet-Minh although the vice-premier himself admits there is little chance of such a meeting accomplishing anything.

Meanwhile, a new danger threatens from the coming talks between France and Vietnam on French Union membership, the issue which precipitated the crisis of 28 October in the Assembly. Vietnamese are likely to consider any arrangement reached to be only a temporary adjustment. In addition, stronger pressure by the Associated States for direct American aid free of French control will be an added argument for those who question whether France still has a valid stake in the war.

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THE PROSPECTS FOR A JAPANESE DEFENSE BUILD-UP

Japan has clearly indicated its unwillingness for economic reasons to assume immediately the burden of increased rearmament, but domestic factors may eventually bring about a change in the government's attitude.

A series of talks in Washington between American officials and a Japanese mission headed by Hayato Ikeda, personal representative of Prime Minister Yoshida, ended inconclusively on 30 October, with the Japanese refusing to agree to an early build-up of defense forces. Asserting that recent floods and a serious rice crop failure necessitated maximum relief appropriations, Ikeda flatly ruled out any further expansion before next spring as politically, if not economically, impossible.

The Japanese indicated furthermore that without extensive American economic assistance the best program they could offer was a 24,000-man increase in ground forces by April 1955, with an additional 46,000 troops for a total of 180,000 by the spring of 1957. Ikeda has since suggested the possibility of completing the final phase by the summer of 1956. In any event the Japanese proposals fall far short of the American goal of a 325,000-man ground force within five years, plus modest naval and air forces.

Despite Japan's economic argument against rapid rearmament, an increase to 325,000 would not severely affect the national economy. Maintenance of the additional forces would create a further expenditure of but two percent of the projected national income. It would also add less than 2.5 percent to Japan's international balance of payments burden, assuming that the United States supplies the initial basic equipment.

As an inducement to a greater rearmament effort, the United States has offered FOA dollar credits for the purchase of arms and equipment. The importance of this offer has been greatly diminished, however, by concurrent United States plans to increase the volume of expenditures in Japan through stepped-up procurement programs for other Far Eastern nations. Thus, even if Japan fails to expand its armed forces, its over-all dollar income will not suffer appreciably.

As a result, any change in the Japanese position now presumably depends on increased pressures from the people themselves, and it is likely that rearmament sentiment will grow as the Japanese become more aware of their role in the containment of Communism.

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Continued South Korean seizures of Japanese fishing vessels have provided the greatest stimulus to Japanese rearmament sentiment. Additional favorable factors include a revival of nationalism, the ineffectiveness since the Korean truce of leftist propaganda that Japanese soldiers are to be used as mercenaries, the increased prestige and financial attractiveness of service in Japan's defense forces, and the prospect of a withdrawal of American troops from Japan.

Both Moscow and Peiping have been quick to react to the Ikeda talks. A TASS article charged that the United States "compelled the Japanese representative to accept all its demands" and that final agreement on a new Japanese army will be reached in Tokyo. Peiping hinted darkly at a "plot to revive Japanese militarism" and warned that so long as Japan continued to act as a "tool of American aggression" in the Far East, a peace treaty and the establishment of diplomatic relations with "New China" would be impossible.

Ambassador Allison in Tokyo believes that the next two months will be crucial for the minority Yoshida government as it maneuvers to establish a majority through the formation of a conservative coalition. Leaders of the conservative opposition have indicated that a major price for future cooperation in the Diet will be the adoption of a stronger rearmament policy, probably somewhere between the present American and Japanese positions. This, in itself, is an element of pressure on Yoshida.

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**ACTIVITIES OF CHINESE COMMUNIST BANKS IN SOUTHERN ASIA
VALUABLE TO PEIPING**

Branches of the Bank of China under Peiping's control have been extremely useful for extending Chinese Communist influence in southern Asia.

Communist-controlled branches are located in Singapore, Kuala Lumpur, Penang, Djakarta, Surabaya, Calcutta, Bombay, Karachi, Chittagong, and Rangoon. The branches in Indochina, Thailand and the Philippines remain under Taipei's control.

These branch banks have been Communist-controlled since 1950, when they accepted Peiping's control after a brief period of uncertainty. Peiping ensures that its policies are followed abroad by bringing top officials to Peiping for indoctrination and by periodically sending out employees from the home office as replacements.

The principal activity of these banks in southern Asian cities with important Chinese communities has been to strengthen the ties of Overseas Chinese to Peiping and to support indigenous Communist subversive movements.

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The financial services offered by these banks may have been effective in inducing many politically indifferent or anti-Communist Overseas Chinese to collaborate with the Peiping regime. Throughout southern Asia branches require low interest rates and less collateral than other banks in the community.

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Another function of the branch banks is to finance part of the Soviet Orbit trade in southern Asia, where there are no other official Communist financial institutions.

The Bank of China branches are also valuable as reliable trade agents for Peiping, which has not yet attempted to send official trade representatives to these countries.

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WEST BERLIN'S SECURITY PROBLEM

In recent months a number of factors have contributed to a growing uneasiness in West Berlin. While there have been few changes directly affecting its security since January 1953, the Communists are increasingly able to isolate the city without concurrent disadvantage to themselves. In the death of Mayor Reuter the West Berliners lost the one man proved capable of providing effective unifying leadership, and the provisional nature of the new city government emphasizes this fact.

Highway, rail, canal, and air access to West Berlin is now basically the same as it was in May 1952, when the last major restrictions were imposed (see map, p. 16). Four major highways, deteriorating badly in some places, and six rail lines are still open to the Federal Republic. No real effort has been made to block use of the three 20-mile-wide air corridors, although Soviet representatives, during the course of last summer's fruitless negotiations on air regulations, made clear that they do not recognize the rights claimed by the Allies.

The continued expansion of rail and canal by-passes around West Berlin now largely precludes any repetition of the retaliatory steps taken by the West during the 1948-49 blockade. An outer ring of rail by-passes has been completed for some time and is now being double-tracked; an inner-ring by-pass is within a few miles of completion. The capacity of the canal by-pass completed last year is being increased; most barges of over 500 tons now have to pass through the Western sectors of the city.

The number of crossing points between East and West Berlin has remained at 87 since February, but miles of barbed-wire and other types of fencing have been constructed by the Communists on all sides of West Berlin since early spring. The city's streetcar and bus system was split last January. The subway system, still operating as a unit, could be divided without serious consequences for West Berlin. A split in the elevated system, however, would leave it operative only in East Berlin, where most of the yards and shops are located. Such a division has become possible during the past year with the construction of East Berlin by-passes.

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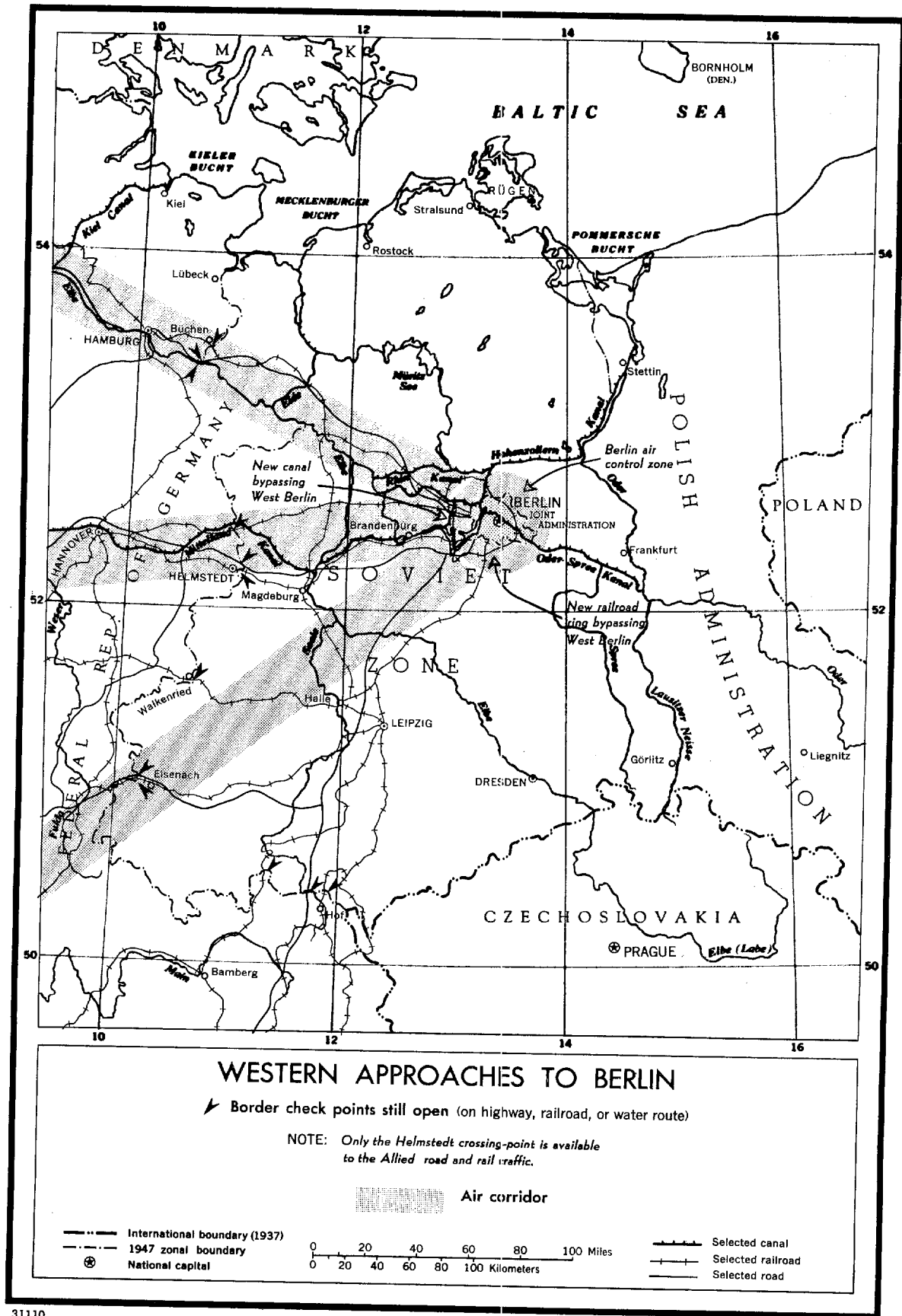
Other utilities, except for the sewage system, have long since operated separately in the Soviet and Western sectors. So far as is known, the Communists have taken no steps to solve the health and technical problems which they would face in any attempt to split the citywide sewage system.

In August the USSR transferred to the East German government authority to approve all interzonal passes and bills of lading for shipments through East German territory. Although this has had no ill effects as yet, the USSR could disclaim responsibility for future problems and attempt to force the Allies to deal directly with--and thus grant de facto recognition to--the East German regime.

West Berlin's economy has improved to some extent since the blockade, but the production index is still only two thirds of the 1936 level. Orders received by its industries reached a postwar peak in June and September of this year. Employment is at a four-year high, but 20 percent of the working population is still without jobs. About 40,000 West Berliners, or some 17,000 fewer than a year ago, are still employed in East Berlin.

The West Berlin government now being formed is unlikely to change the Socialist-oriented policies of Mayor Reuter. Even before Reuter's death, however, there were signs of unrest among conservative groups within the three-party coalition, with the Free Democrats spearheading the demand that Berlin policies should reflect Adenauer's election triumph. The deepening split between the Socialists and Free Democrats and Christian Democrats has occasioned rumors that next fall's election may have to be moved up to January or February. In any event it is clear that until elections are held the government will have a provisional character, and any postelection government will lack the ability of Reuter's government to take resolute action in an emergency.

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SPECIAL ARTICLE

COMMUNISM IN THE LATIN AMERICAN REPUBLICS

Two principal developments during the past year are symptomatic of a situation in Latin America favorable to the growth of Communist parties. One is the expansion over the past six months of diplomatic and commercial relations between Latin America and the Orbit. The other is an increasing attention to the area by international Communist organizations, as seen in the approximate doubling of Latin American representatives they have attracted to several "world" conferences in the past two years.

Within the past six months commercial and diplomatic relations between Latin America and the Orbit have improved markedly, although the Orbit's share of the area's total trade remains very small. There are now Soviet or Satellite diplomatic missions located only in Argentina, Brazil, Uruguay, Mexico and Ecuador. Orbit trading firms and traveling representatives have been expanding their efforts to promote trade relations, however, playing on the widespread desire of Latin American countries to obtain higher prices for their raw materials and to reduce their economic dependence on the United States.

As a result of such efforts, Soviet and Hungarian trade agreements with Argentina were concluded in August. Uruguayan-Soviet meat negotiations, if completed on the terms now under discussion, will double Uruguay's trade with the Orbit. Brazil is negotiating the renewal of trade pacts with Czechoslovakia and Poland.

Bolivia established diplomatic relations with Hungary in August through the Hungarian minister resident in Buenos Aires, having in the previous year made a similar arrangement with Czechoslovakia. Mexico recently appointed an ambassador to the Soviet Union, where its mission for the past five years has been headed only by a charge d'affaires.

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Attendance at other recent international Communist front meetings has also been unusually high. While not more than 300 Latin Americans representing 17 countries went to Berlin for the 1951 Youth Congress, about 600 representing all 20 countries attended the Youth Conference at Bucharest last August. Even the geographically remote Peiping "Peace" Conference in October 1952 drew 94 delegates from 12 Latin American countries.

The potentialities of the national Communist parties vary widely. Some of their most effective activity seems to be conducted through "peace" societies, youth and women's groups, and the CTAL, the Latin American affiliate of the WFTU. The propaganda of the different front organizations, like that of Radio Moscow, presents Latin America as a semicolonial area obliged to make excessive economic and political sacrifices to support United States "imperialism." There is no reliable evidence, however, that the Orbit missions in Latin America direct party activities.

Nowhere, except in Guatemala, are the Communists strong enough to dominate government policy, but their influence is now reaching dangerous proportions in Brazil. In southern South America, and also in Cuba, the parties are moderately successful. In the other Latin American republics, the parties, although for the most part ineffective, generally retain influence in some areas of activity. Only in Haiti and the Dominican Republic can Communist influence be characterized as negligible.

In the much publicized case of Guatemala, Communists and Communist sympathizers continue to hold a large majority in congress, to occupy responsible executive posts, to wield dominant influence in labor circles and to maintain a regular and widely circulated press.

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Communist influence in Brazil has increased rapidly during the past four months, while the government's anti-Communist measures have gradually weakened until they are now virtually nonexistent. In addition to furthering the popular agitation for increased diplomatic and commercial relations with the USSR and its Satellites--which is prevalent in many Latin American countries--the Brazilian Communists are achieving unusual successes in purely party activities. For example, they have secured virtual control of a new weekly financed principally by Labor Minister Joao Goulart, and they are apparently proceeding on schedule in the collection of \$375,000 for the party press.

The Communists are now predicting legalization of their party in time to run under their own name in the 1954 Brazilian congressional elections, but have reportedly taken the precaution of purchasing the use of a minor party's label. Communist influence in Brazilian labor circles in the past has been proportionately much less than in the country generally. The appointment of the opportunistic Goulart to the Labor Ministry last June, however, gave the Communists an opportunity to gain influence.

In Argentina, Chile, and Bolivia, the Communists have profited from the circumstance that much of the thinking population considers the Soviet Union no threat to their countries, and that the respective governments in recent years have engaged only sporadically in anti-Communist activity. Although Communists in these three countries have elected no representatives to the national legislatures under their own label, there are in each case men sympathetic to Marxism active in government. In Argentina, Communist infiltration of the civil service, labor organizations and press continues, and President Peron has still not recognized the sheer opportunism of his "dissident" Communist support, despite his recent arrests of "official" party members in increasing numbers.

The estimated annual income of the Communist parties in these three countries ranges from the equivalent of \$500,000 in Argentina to \$10,000 in Bolivia; and in each nation there is a regular party press in addition to some infiltration of the non-Communist press. All three countries, like Guatemala and Brazil, are the target of Soviet radio broadcasts specifically slanted to local conditions.

In Cuba, the party has capable leadership and has traditionally played an active role in international Communist affairs. Despite the government's current strong anti-Communist policy, the party still retains some labor strength and has reportedly infiltrated President Batista's political organization.

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In most of the remaining Latin American republics, Communist influence is smaller thanks to less favorable conditions and to deficiencies in leadership, but in each case there has been some success. In Venezuela, for instance, the largest daily newspaper is owned by a pro-Communist and its news selection is slanted although government censorship prohibits straight Communist-line articles. In Ecuador, the secretary general of the Communist Party holds a seat under the Communist Party label in the Senate, and the party has considerable influence in the labor movement. In Panama, despite serious organizational deficiencies, the party has influence in the educational system.

Mexico and Uruguay are special cases. In both countries the prestige and influence of the regular Communist parties is slight. In both countries, however, other Soviet-linked activity is more effective than the regular Communist party. The Latin American Confederation of Labor (CTAL) has its headquarters in Mexico and Mexico's Lombardo Toledano, a vice-president of the WFTU, is the key figure in Communist labor activities in the hemisphere.

In Uruguay the Slav Union, ostensibly a cultural organization for Uruguayans of Slavic extraction, is closely linked to the Soviet embassy in Montevideo and may be more useful as a channel of Communist propaganda than is the party.

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