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Africa south of the Sahara has an increasing importance for the US as its primary source of certain essential raw materials. The procurement of these materials is in large part a problem of maintaining and improving the continent's basically inadequate transportation facilities. Although there are long-range projects for improving the transport situation in Africa, it will take many years and vast capital expenditures to make possible the full exploitation of the continent.

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Since early this year, the Soviet Union has used advocacy of a Five Power Peace Pact as chief propaganda proof of its desire for world peace. As in many Communist propaganda drives, the purpose of this campaign is not the attainment of the alleged goal, but the psychological exploitation of an emotional need. The Five Power Pact idea will probably continue to be the main theme of Communist peace meetings and an important part of Soviet diplomatic statements.

"SUPPRESSION OF COUNTER-REVOLUTIONARIES" IN COMMUNIST CHINA -- Page 11

More than half a million persons have been executed in six months of the current campaign for the "suppression of counter-revolutionaries" in Communist China. The campaign is aimed not at any particular group but at the systematic intimidation of the Chinese people as a whole. Several million Chinese are expected to fall victim to the campaign in the next few years.

WORLD COMMUNISM: THE BERLIN YOUTH FESTIVAL ----- Page 12

Although somewhat handicapped by the difficulties inherent in the staging of such a large spectacle, the Communist World Youth Festival served to strengthen the Communists' hold on the youth of the Soviet Orbit.

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The recent arrests of several hundred pro-Communists by the hitherto irresolute Indonesian Government probably forestalled nation-wide, Communist-inspired disturbances on 17 August-- Indonesian Independence Day. However, this forceful policy is not expected to be continued; the government is preoccupied with internal dissension and does not appear even yet to appreciate fully the Communist menace in Indonesia.

POPULAR ANTI-COMMUNIST NATIONALISM IN POLAND CONTINUES UNABATED
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Despite increasingly harsh Communist steps to hold the highly nationalistic and anti-Communist Polish people in check, recent evidence indicates that Polish resistance sentiment continues to be strong. The government will continue its campaign to crush Polish nationalism, despite the fact that such measures have thus far been self-defeating.

PAPAGOS STILL EXPECTED TO WIN GREEK ELECTION ----- Page 17

In spite of the difficulties he faces, Field Marshal Papagos is still expected to win the elections, with the Liberals, the Progressive Union of the Center, and the Populists following in that order.

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Latin America is the only petroleum surplus area that is certain to remain in the Western sphere of influence in the event of a general war. Production is increasing and can help alleviate the Iranian shortage, but major increases depend on advance planning and availability of equipment.

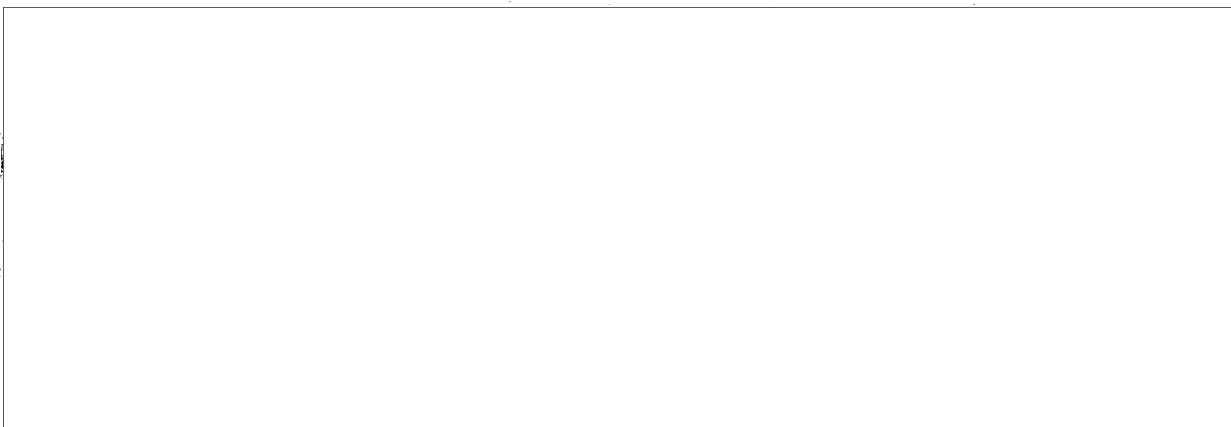
THE SOVIET WORLD

While Moscow's intentions in accepting an invitation to the Japanese peace conference still remain unclear, the Soviet Government apparently intends to make some proposals of its own at San Francisco, perhaps even in the form of a counter-draft of the proposed treaty.

Communist propaganda has indicated that the Soviet delegates will concentrate their fire on American military bases and alleged Japanese remilitarization, which they insist the present treaty permits. They would also demand a ban on Japanese participation in regional security arrangements, and call for unrestricted development of the Japanese economy, including trade with Communist China.

The Soviet strategy seems designed to capitalize on the objections of some Asian nations to various features of the US-UK draft treaty, such as its territorial provisions and its failure to provide for Chinese Communist representation. The demands of such countries as Indonesia and Burma for reparations are not likely, however, to receive much support from the Soviet Union. There have been no suggestions in past Soviet diplomatic notes that Japan should pay reparations. Moscow would like to place itself in a more favorable light with Japan; moreover, the issue of reparations, in view of Soviet removals from Manchuria, would be a poor one if the USSR does not wish to irritate Communist China further on this point.

To obtain some moral support at San Francisco, the Soviet Union has evidently decided that both Poland and Czechoslovakia, the only two of its Satellites to receive invitations, shall also attend the conference.



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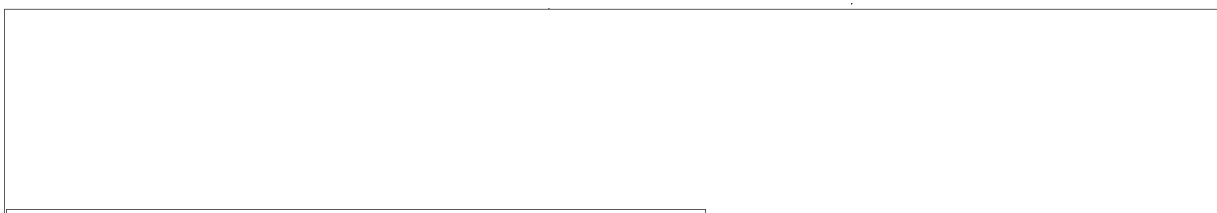
Official Communist statements and current propaganda concerning the conference appears to be more in keeping with a Soviet effort to induce Asian nations not to sign, and then to call a predominantly Asian conference to consider a Soviet-Chinese Communist sponsored draft.



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Meanwhile, the Soviet request for a lend-lease meeting in Washington indicates that an ostensibly reasonable proposal for settling Russia's lend-lease accounts with the US may be planned as the latest step in the currently intensified "peace" campaign.

It may, however, reflect only the Soviet Government's feeling that it is at a propaganda disadvantage on this issue. The last round of talks broke down in February over the monetary settlement and the USSR's refusal to return naval and merchant ships. The ships are important to both the civilian and military economy of the USSR, with the merchant ships, for example, representing about one fourth of the gross tonnage of Soviet merchant shipping.



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The US Legation in Vienna has recent information indicating that the Satellites regard Antwerp as a port through which clandestine trade can be diverted with comparative ease. Meanwhile, a Czechoslovak trade delegation to Austria is demanding large amounts of Austrian strategic materials, including heavy machinery, pig iron, steel and ball bearings. The Czechs are threatening to cut off coal and sugar exports to Austria unless their demands are met.

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Satellite preoccupation with production difficulties continues. The Czech Government is revising labor norms upward in order "to raise the productivity of labor and to lower production costs," according to an announcement by the Czech Minister of Heavy Industry. He termed present norms "soft" and emphasized that the increased norms must be met by the adoption of Soviet Stakhanovite methods.

Communist dissatisfaction with industrial production in this economically important Satellite is also indicated by high-level criticism of the poor implementation of a recent decree ordering the transfer of over 75,000 white-collar workers into factories and mines. The US Embassy comments that this and other recent decrees pertaining to labor controls reflect Communist failure to gain labor's cooperation in meeting the difficult economic problems facing the country.

Reports from several of the East European countries point to a continuing trend of tighter restrictions on Western diplomats, despite the current Communist propaganda campaign regarding "peaceful coexistence." The US Embassy in Prague reports several Communist attempts to open Western diplomatic pouches. According to the US Embassy in Warsaw, further Polish action against the US is possible, including



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either the expulsion of the embassy's information officer or the prosecution of USIS Polish personnel. The French Government is planning retaliatory action against new Albanian travel restrictions on French diplomats in Tirana. In Rumania, the diplomatic missions of the US, UK, France, Italy and Turkey are operating under severe harassment.

The Yugoslav Government has expressed its "growing concern" to the US Embassy in Belgrade regarding a recent increase in Cominform border incidents. Although there has been a new rise in such incidents, no firm evidence is available that the Satellites intend more than harassing tactics against the Tito government.

Inside the Soviet Union, an old idol made room for a new one when the Presidium of the Supreme Soviet announced on 14 August that the anniversary of Lenin's death was no longer to be celebrated, as heretofore, on 22 January. In recent times, this has been virtually the only occasion on which Stalin was overshadowed by his illustrious predecessor, Lenin. In line with the trend of deifying Stalin that has developed in recent years, the discontinuance of his holiday serves notice on party members and the Soviet citizenry alike that Stalin, now going on 72, will henceforth stand alone on his pedestal.

US STRATEGIC MATERIALS AND AFRICAN TRANSPORT PROBLEMS

Since World War II and particularly since the start of the United States rearmament effort, the importance of Africa south of the Sahara as a source of strategic raw materials has been steadily increasing. At present, however, inadequate transport facilities are a major factor in delaying deliveries and in preventing the immediate development of potential sources of supply.

For a number of essential commodities, including not merely tropical products but also uranium and various metals used in high grade steels, certain African areas are officially rated as the primary American source —i.e., as supplying over 60 per cent of normal peacetime requirements. For additional essential commodities, African areas are rated as a major present source; they are also known to contain further important mineral resources as yet unexploited. Areas of particular significance are the Union of South Africa, the Belgian Congo, the Rhodesias, British East Africa, Nigeria and the Gold Coast. (See accompanying map and table.)

All the ordinary means of transport in Africa are beset with serious difficulties. Few of the rivers are navigable for any considerable distance without interruption. Railroads are narrow-gauge, with the gauge differing from one territory to another; the lines are nearly all single-track and often poorly engineered. Shortage of rolling-stock is almost universal and much of the present equipment antiquated. Many of the seaports suffer from chronic congestion because of poor rail connections or insufficient accommodations for shipping. Roads are inadequate throughout the continent; construction is costly and plagued with particular obstacles such as the hard laterite soil of French West Africa or excessive rainfall in other areas. At present African roads are quite unsuitable for heavy industrial traffic.

Current African transport problems are roughly of two kinds. One consists simply of a higher than normal incidence of the kind of railroad troubles that occur in any area, but which have more serious consequences in Africa owing to its narrower margin for error. For example, when heavy rains washed out a rail line in Tanganyika a few months ago, shipments of sisal from the interior were suspended for some time and work at the terminal port practically ceased. A month later in the Union of South Africa a serious domestic coal shortage resulted in the commandeering of all freight cars usually employed in moving strategic manganese and chrome ore toward the United States. Labor troubles in recent weeks on the South African railroads have also added to American strategic supply problems.

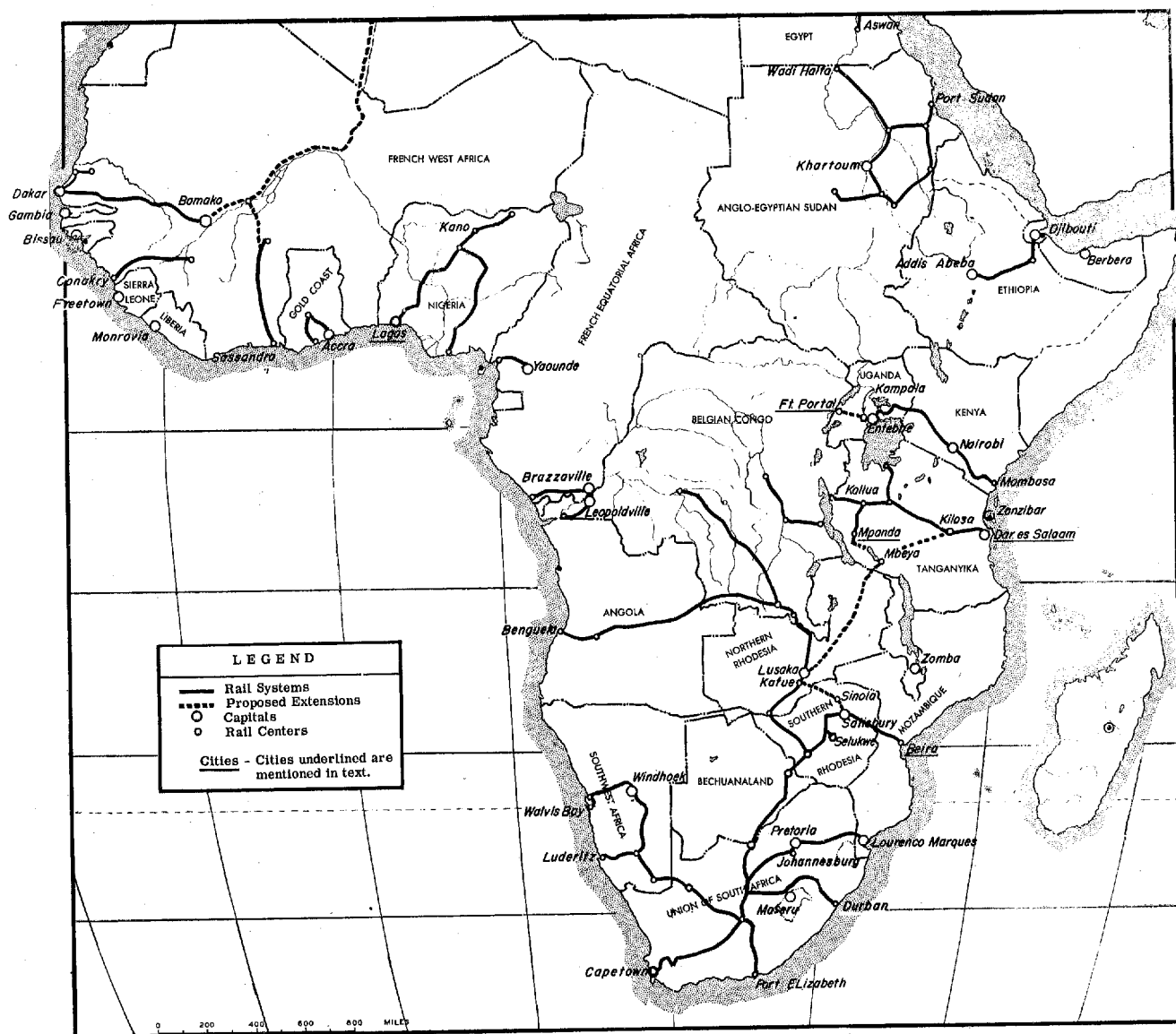
The second and more serious kind of transport problem concerns the long-range efforts being made to remedy the basic difficulties indicated above. A number of these efforts are at present lagging.

The inter-governmental Central and Southern Africa Transport Conference held at Johannesburg in late 1950 represented one of the initial moves cal-

culated to integrate gradually the facilities that had grown up chaotically under a number of different political sovereignties. Agreement was reached on a few technical points, such as the adoption of a standard African railway gauge of 42 inches, and it was hoped that a permanent organization would be established during 1951. Portugal, however, has so far opposed this, and the interim organization was reported in mid-August to be engaged merely in collecting and disseminating information on a very rudimentary basis. Official American observers at this and other African transport conferences have suggested, so far without success, that a comprehensive transportation survey be made.

Other governments nevertheless recognize the inadequacy of existing transport systems, and there are various plans for their improvement on an individual territorial basis. Much of the money to be spent in the ten-year development plans of the Belgian Congo and the various British colonial territories is earmarked for transportation. The Portuguese East African port of Beira, which serves the Rhodesias and Nyasaland as well, is being expanded to cope with its increased traffic; but the slowness with which these improvements are progressing has been forcing limitations in chrome mining in Southern Rhodesia. To relieve port congestion at Beira, and also to make possible the exploitation of iron and coal deposits in southern Tanganyika, a British rail survey is investigating the possibility of linking the Northern Rhodesian and Tanganyikan railways, with an outlet to the sea at Dar-es-Salaam. Within the past year a branch line has been opened from the latter railway to the lead and copper mines at Mpanda. Farther north, work has been started on an extension of the Kenya-Uganda railroad which will permit full development of western Uganda's rich deposits of copper and cobalt, used in hardening steel; but completion of this line is not expected until 1955.

The US has indicated its interest in African transport problems by allocating, during the past two years, over four million dollars of ECA funds to assist road-building projects in various British, French and Belgian colonies. A number of these projects are already under way. On the whole, however, it is clear that it will take many years and vast capital expenditures before the improvement in the African transport system is such as to permit adequate exploitation of the continent.



STRATEGIC MATERIALS SUPPLIED TO THE U.S. FROM AFRICA SOUTH OF THE SAHARA

	PRIMARY SOURCE (i.e. supplying over 60% of U.S. peacetime requirements, excluding stockpiling)	MAJOR SOURCE (supplying 20% to 59% of U.S. peacetime requirements)	IMPORTANT SOURCE (supplying 5% to 19% of U.S. peacetime requirements)
BELGIAN CONGO	URANIUM* COBALT (ferro-alloy) INDUSTRIAL DIAMONDS PALM OIL (flux for tin) TANTALUM (anti-corrosive platinum substitute)	PYRETHRUM (for insecticides)	COLUMBITE (anti-corrosive for steel)
UNION OF SOUTH AFRICA	CHROMITE (anti-corrosive for steel) CORUNDUM (abrasive)	ASBESTOS	MANGANESE (ferro-alloy) INDUSTRIAL DIAMONDS
BRITISH EAST AFRICA	KYANITE (for furnace linings)	PYRETHRUM SISAL	INDUSTRIAL DIAMONDS
NIGERIA	COLUMBITE (anti-corrosive for steel)		TANTALITE (source of tantalum)
GOLD COAST	BATTERY-GRADE MANGANESE		MANGANESE (ferro-alloy)
NORTHERN AND SOUTHERN RHODESIA		ASBESTOS	CHROMITE (anti-corrosive for steel) TANTALITE (source of tantalum)

SOURCE: U.S. Munitions Board Third Interim Report, 15 November 1950; Key Foreign Facilities and Supporting Economic Data. 1948 is used as the base year.

* So listed, but without specific figures.

THE FIVE POWER PEACE PACT THEME IN RECENT SOVIET-COMMUNIST
PROPAGANDA AND DIPLOMACY

Since early this year, the Soviet Union has used advocacy of a Five Power Peace Pact as chief propaganda proof of its desire for world peace.

Originally proposed by the USSR at the 1949 UN General Assembly session, the idea of a peace pact between the Five Great Powers (US, USSR, Great Britain, France and Communist China) was adopted as a major goal of the Communist-created World Peace Council in February 1951. Since then it has been one of the main themes of Soviet foreign and international Communist propaganda. Stalin alluded to such a pact in his Pravda interview, and most recently, the proposal was included in Shvernik's letter to President Truman and in the resolution of the Presidium of the Supreme Soviet of the USSR. The San Francisco conference is another occasion on which the Soviet Union may raise this issue as a means of confusing world public opinion, although there is as yet no concrete evidence that a Five Power Pact will be among the Russian counter-proposals.

The USSR is fully cognizant of the fact that the Western powers will not participate in a pact of this type outside the United Nations, and that ~~the US in particular will~~ not enter into one which includes Communist China. USSR proposals to this effect were overwhelmingly rejected by the UN General Assembly in 1949 and 1950. A Soviet member of the UN Secretariat stated at the time that the USSR realized such a pact would have to be negotiated through normal diplomatic channels rather than through the UN.

It is clear, therefore, that the chief reason for the continued emphasis on a Five Power Peace Pact is the propaganda value of such a simplified concept. One need only recall the magic effect of the Kellogg-Briand Pact, which convinced millions of people (including its authors) that war had been outlawed for all time, to realize that the Five Power Peace Pact idea provides an excellent psychological focal point around which to build the structure of an allegedly peaceful foreign policy.

Accordingly, the World Peace Council last February inaugurated a global signature drive for a Five Power Peace Pact. Following the pattern of last year's Stockholm signature appeal, local Peace Committees throughout the world made the signature drive their primary summer activity, and in some cases, used it as the sole excuse for their existence. The number of signatures collected in this drive is to exceed the alleged total of 500 million collected under the Stockholm appeal. However, as in the earlier drive, signature collection in the USSR is being delayed to the end, and no final date for the conclusion of the world-wide campaign has been set. This leaves Moscow free to prolong the campaign in line with the requirements of Soviet foreign policy and to terminate it at the moment when the results can be propagandized to the fullest.

As in many Communist propaganda drives, the purpose of this campaign is not the attainment of the alleged goal, but the psychological exploitation of an emotional need -- in this case the desire for peace. Therefore, the Five Power Pact idea will probably continue to be the main theme of Communist peace meetings and an important part of Soviet diplomatic statements for some months to come.

Just as the Five Power Peace Pact drive replaced the Stockholm Appeal to Outlaw the Atomic Bomb, it, too, eventually will be replaced by another theme of similarly unrealistic nature. The Five Power theme as such, however, will probably not be permitted to rot away but will be brought out of storage whenever the political climate is suitable for its appearance.

"SUPPRESSION OF COUNTER-REVOLUTIONARIES" IN COMMUNIST CHINA

More than half a million persons -- at least one out of every thousand Chinese -- have been executed in six months of the current campaign for the "suppression of counter-revolutionaries" in Communist China. There is little doubt that the purpose of the drive is to intimidate the Chinese people as a whole, and that a million Chinese will be killed to this end in 1951.

While a "counter-revolutionary" is officially defined as any person "hostile to the people," the new campaign is largely distinct from the "bandit-suppression" effort and the continuing purges of the Chinese Communist Party and of the now-subservient parties associated with it in the regime. The drive is directed not against any particular group or groups, but against all elements of Chinese society, and seeks to demonstrate that the regime demands total subservience of its subjects.

Contrary to widespread speculation that the campaign has been an ad hoc measure designed to deal with increased anti-State activities, it was in fact undertaken only when the Peiping regime was in effective control of the country. During the extension and early consolidation of Communist control in China, the party leadership had pursued a lenient and conciliatory policy toward opposition elements. By the end of 1950, however, Peiping was prepared to offer a fresh illustration of the principle that the terrorism of a totalitarian movement, as distinguished from a static dictatorship, increases in direct proportion to the stability of the regime.

There are indications that the most easily identified opponents of the regime have already been eliminated. Whereas Communist figures earlier in 1951 revealed that about half of those arrested were executed, in recent weeks the proportion has been much lower, with the majority receiving sentences at hard labor. Nevertheless, thousands of persons are still arrested daily, and public statements emphasize that the campaign must continue indefinitely.

The "suppression of counter-revolutionaries" is certain to be a permanent feature of China's "new democracy." Continuous and officially-incited persecution of some part of the population has been observed to be standard operating procedure in a totalitarian state. One Chinese Communist spokesman, in asserting that the slaughter must continue as long as external enemies of the regime exist, has stated frankly that "suppression" will go on even after domestic opposition to the regime has no means of expression. In the course of the next few years, several million Chinese are expected to fall victim to Peiping's effort to erase existing opposition, to make future opposition impossible, and to dominate its subjects in every aspect of their lives.

WORLD COMMUNISM: THE BERLIN YOUTH FESTIVAL

Effective counteraction by the Western democracies, logistic difficulties inherent in a gathering of this size, and Communist inability to exercise constant effective control over such extravaganzas have led Western observers to call the Berlin Youth Festival a failure. The Festival, however, fulfilled much of its intended mission by:

- (a) strengthening Communism's hold on the youth of the Soviet world through the excitement of the exhortations and the spectacles;
- (b) cleverly manipulating foreign delegations, which will spread favorable reports at home to augment Communist propaganda; and
- (c) spelling out the demands of the "peace" campaign.

The basic Communist campaign to capture youth's mind and energy in the interest of Soviet expansion was certainly furthered in Berlin. The massing of two million young people from 104 countries in a demonstration of allegiance to Stalin, to the USSR and to Communism is potent evidence of Soviet organizing abilities and the possibilities still inherent in the Soviet appeal to the yearning for peace and unity. Despite the varied slogans for "peace", the Festival was turned into a clamorous display of hatred for the West.

Communist use of the term "youth" accommodates a wide range of years; and many delegates, especially the leaders and the "hard core" always present at Communist meetings, were over thirty. The majority of the participants at the Festival, however, were young people who have been isolated from any other than Communist influence during their formative years. The Western influences to which many of them were briefly exposed during the Festival may not endure long after their return to a Communist environment.

On the other hand, two aspects of the Festival gave evidence that Eastern youth has not been won over to Communism as completely as was feared. A general apathy, not present at previous festivals, was noticeable at all times when the "hard core" of ten percent could not sweep the delegates with its enthusiasm, and in unprecedented defiance of Communist orders, 600,000 East German and Satellite youth flowed into West Berlin to see the sights, to eat foods unknown in the Soviet Orbit, and to meet Westerners, especially Americans.

They asked by the hundreds for asylum, and carried off with them to the East over 1,500,000 pieces of Western literature. Their belief in Western strength convinced their entertainers that there is an unexpected potential among these Eastern young people on the side of the fight against Communism.

The Festival, however, undoubtedly furthered the Soviet cause among the foreign delegates and West Germans, who were given preferential treatment and suffered none of the inadequacies of food and housing encountered by East German youth. To a large extent they were kept apart from non-festival contacts. Their reports will be favorable and their enthusiasm renewed; only a portion of the Western delegates appear to have been disillusioned by the atmosphere of Stalinism. The presence of the foreign delegations can be built into "evidence" of worldwide support of Soviet policies; it must have impressed German youth as a sign of backing in other countries for Soviet aims in Germany.

However, the World Youth Festival is not likely to have any marked effect on the position of Communist youth in West Germany. Some West German delegates upon returning to their homes will agitate for a Five Power Peace Pact and a German Peace Treaty this year, and against German rearmament; but they cannot conduct an open campaign because of the ban on the Freie Deutsche Jugend and its activities in all the Laender.

The Festival's importance in promoting the fraudulent Soviet "peace" campaign was clearly evident from the start in its official name -- "The World Festival of Youth and Students for Peace." It was evident as well in the "peace" demonstrations prepared for its opening and closing sessions, in the "Peace March" which climaxed the event, and in the fantastic accusations of aggression hurled at the West throughout the Festival's duration.

WEAK INDONESIAN GOVERNMENT FACED WITH INCREASING COMMUNIST-INSPIRED LAWLESSNESS

The recent arrests of several hundred pro-Communists by the hitherto irresolute Indonesian Government probably forestalled nation-wide, Communist-inspired disturbances on 17 August--Indonesian Independence Day. However, this forceful policy is not expected to be continued: the government is preoccupied with internal dissension and does not appear to appreciate fully the Communist menace in Indonesia.

Lawlessness, principally in Java but affecting the entire nation, is Indonesia's primary problem. It has retarded the production of raw materials vital to the country's economy, delayed rehabilitation of industry, facilitated Communist activity, and undermined the people's confidence in their government. Although the strength of armed dissident groups in Java, where two-thirds of the Indonesian population lives, is estimated to have decreased in recent months by approximately 30 percent, evidence strongly points to a consolidation during the same period of remaining lawless activity under Communist direction.

The Communist Party itself is constantly strengthening its position. Severely weakened in 1948 when it attempted unsuccessfully to overthrow the existing government, the party has noticeably regained and expanded its strength since mid-1950. Although it is not yet prepared to attempt another armed revolt or directly to challenge the government politically, it is an ever increasing threat to government authority.

The party's greatest strength lies in its dominance in the labor field, where it is strong because of its control of Indonesia's largest labor federation and its thorough infiltration of the Ministry of Labor. In addition, it maintains close contact with the Chinese Communist Party of Indonesia. This party strongly influences the more than 2,000,000 Chinese residents--about 2½ percent of the Indonesian population--who exercise, through their position in the country, far greater influence than their numbers would indicate.

The government has been hampered in dealing with lawlessness and with Communism by its ill-disciplined, ill-equipped and ill-administered security forces and by the lack of cooperation within the cabinet itself. The cabinet includes eight parties but is based principally upon an uneasy coalition of Indonesia's two largest political groups--the moderate Masjumi (Moslem League) and the leftist-oriented Indonesian National Party. It is the result of compromise efforts to achieve a moderate government which at the same time could be assured parliamentary support. As constituted, the government possesses a solid parliamentary majority and thus should have been able to take the decisive measures necessary for achieving

law and order immediately upon its assumption of authority. However, the cabinet is so absorbed with inter-party rivalry that important decisions are not made until they are belatedly forced by the pressure of events.

It required a sudden and apparently Communist-coordinated resurgence of lawlessness during the first week of August to prod the government into taking firm measures against these insecure conditions. A series of violent incidents throughout Java—including an attack on the Djakarta port area by 200 to 300 men wearing Communist insignia—provoked the cabinet on 7 August to order drastic steps against "anti-national movements which might impair the government's authority and tend to disturb society."

Between 11 and 16 August in a series of widespread raids in Sumatra and Java, government forces arrested hundreds of persons including Communist Chinese, top Indonesian labor and Communist leaders, high officials in the Ministry of Labor, and 19 members of Parliament. The Communist disturbances that the government had feared on 17 August—Indonesian Independence Day—did not occur.

Since initiating this forceful action, however, the government has twice emphasized that it has no intention of prohibiting or placing restrictions on the activities of the Communist Party as an organization. A government statement to Parliament on 16 August contended that the arrests were not aimed against any particular group, party, or ideology but were a purely preventive security action. This explanation conforms with Indonesia's "independent" policy—which, on the foreign policy level, has precluded a definite stand in the "cold war" and, internally, has forestalled specific measures against the Communists.

There is little indication that the government will persist in its recent forceful conduct. Although there is an increased awareness in government circles of Communist activity, this awareness has not aroused a conviction that it must be effectively countered over an indefinite period. Already several cabinet members have complained that the government may be following a course which is "too openly" anti-Communist and which endangers Indonesia's independent policy.

the Indonesian Government will be lulled by a belief that its early August campaign has removed many top subversives from the scene and has frightened their followers into at least temporary inactivity. Isolated military and political leaders may have become more alert to the Communist threat; but, until another crisis threatens, the government will probably be engrossed in its struggle for existence, while the Communists develop their strength without hindrance.

POPULAR ANTI-COMMUNIST NATIONALISM IN POLAND CONTINUES UNABATED

Several spectacular escapes of Poles from various strata of society have proved in recent weeks that seven years of ever-tightening Communist control have not yet been able to eliminate Polish nationalism and love for freedom. At least 34 individuals have fled their homeland since late May to seek asylum abroad.

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The US Embassy estimates that approximately one million Poles made their way to Cracow a few weeks ago, in a moving demonstration of faith in the Catholic Church, to participate in the funeral ceremonies for the revered Cardinal Sapieha. This occurred despite government efforts to suppress news of the funeral, threats of reprisals against those who attended, and deliberate interference with train transportation to Cracow.

The most apparent causes for the growth of popular anti-Communist sentiment lie in the very steps that the Polish Government has taken in recent months to tighten its grip upon all facets of Polish life. These steps include: the deportation of political unreliaables from major cities to rural areas; increases in production norms for workers in essential industries; peasant anticipation of greater efforts to impose collectivization of agriculture; the steady imposition through pseudo-legal means of Communist control over the Catholic Church; and the growing number of individuals disappearing into the expanding system of labor camps and prisons.

While public manifestations of Polish intransigence may decrease, it is unlikely that the Polish Government will be in a position to operate Poland as a reliable Satellite for some years to come. It is to be expected that more stringent political, economic and social controls will be instituted by the government as it strives to crush Polish nationalism, a feat never accomplished by the Russian Czars despite generations of control.

PAPAGOS STILL EXPECTED TO WIN GREEK ELECTION

The entry into politics of Field Marshal Papagos, former Commander-in-Chief of the Armed Forces, has injected new and possibly disturbing elements into the campaign for the general elections of 9 September. Widely honored for his war record and for his successful campaign against the guerrillas, the Marshal is looked upon by many Greeks as the only man who can give Greece the strong and stable government it needs.

Papagos' candidacy, however, has been opposed by those who feel that his strong convictions and his military background might eventually persuade him to attempt a dictatorship. His entry into politics is also strongly opposed by the King. US observers have feared a general weakening of the armed forces now that Papagos is no longer Commander-in-Chief. No veteran politician himself, Papagos faces strong competition from the veteran political leaders of the major Greek parties--the Populists (right), the Liberals (center) and the Progressive Union of the Center (left-center).

To date Papagos has given no promise of conducting a strong political campaign. His first speech delivered on 10 August was dispassionate in delivery and content. Making no promises, he appealed for work, sacrifice and self-reliance, rather than absolute dependence on United States aid. Instead of capitalizing on the widespread desire in Greece for a strong government with a vigorous attack upon the present regime, the Marshal stuck by his determination to conduct a fair campaign, free of political mud-slinging. Consequently, he apparently has influenced few who were not already determined to support him.

Despite the Marshal's announced intention of recruiting good men from all parties, he has been unable to procure any sizeable defections from the parties of his chief rivals, the Liberals and the National Progressive Union of the Center. Papagos' list of candidates indicates that his party will be chiefly right-center, and that he will accordingly draw his strength mainly from the Populists.

Meanwhile, the strong opposition of the King and the maneuvers of veteran Greek politicians indicate that Papagos has a rugged campaign ahead of him. Furious at Papagos' entrance into politics, the Palace has become as deeply involved in the campaign as any candidate for Parliament. Palace advisors have reportedly been instrumental in persuading several candidates not to run on Papagos' ticket.

The King, as Commander-in-Chief of the Armed Forces, has been at least partly responsible for several recent government actions affecting the military, which, while they may have been sincere efforts to ensure fair elections, seem to be directed primarily at Papagos. Two top army officers, one of whom, a

[REDACTED]

protege of Papagos, was reportedly a leader of the army clique that spearheaded the abortive "coup d'etat" at the time of Papagos' resignation, have been re-assigned because of their alleged political activity. Papagos himself has been removed from his position as Senior Aide-de-Camp to the Court.

Other apparently anti-Papagos moves which have recently been taken by the government include (a) the decision to place party emblems rather than the names of the candidates on military ballots and (b) the permission given the extreme leftists to publish a newspaper, at least during the campaign, despite the fact that they are known to be infiltrated with Communist agents.

These maneuvers may not have a serious limiting effect upon the Marshal's campaign. Indeed, they may well boomerang. Younger army officers are currently reported to be considering resigning if the present tension continues. Papagos himself may become so disturbed by his opponents' maneuvers that he may be persuaded to adopt their tactics and campaign in a more vigorous manner.

In spite of all the difficulties he faces, Papagos is still conceded by many to be the most likely to win, with the Liberals, the Progressive Union of the Center, and the Populists following in that order. The small extreme left coalition is expected to pull about the same number of votes as it did in the last national elections in March 1950, or 8.4 percent of the total.

LATIN AMERICAN PETROLEUM IN A WORLD SHORTAGE

In the event of a general war, Latin America would be the only petroleum surplus area that is certain to remain within the Western sphere of influence. The Middle East is the only other major area that produces substantial surpluses, and it must be assumed that most of this oil would be unavailable to the West in the event of an East-West war. The availability of sufficient Latin American oil to help materially in alleviating emergency shortages, however, depends on adequate advance planning.

In 1950, Latin America still led the rapidly expanding Middle Eastern countries in petroleum output—producing 715,000,000 barrels, as contrasted with about 636,000,000 for the Middle East. Latin American refinery capacity also is substantially greater than that of the Middle East—about 1,800,000 barrels per day as compared to approximately 1,000,000 per day. While these statistics are somewhat offset by the fact that Latin America consumes more of its own product than does the Middle East, surplus producing countries in Latin America were able to export over 600,000,000 barrels of crude and refined products to neighboring countries and foreign markets in 1950.

Current production in Latin America is approximately 15 percent above 1950 levels. Average daily production for the whole area has been running more than 2,200,000 barrels per day as contrasted with about 1,900,000 barrels per day in 1950. At the current rate of production, Latin America could make up at least 45 percent of Iran's 1950 production in addition to matching its own export figure for 1950. Continuing increases in daily production may well put the figure much higher than 45 percent. This calculation does not take into account the steadily increasing world demand for petroleum or the previously anticipated increases in Iranian production, but it does give an indication of Latin America's potential role in the world supply picture should the situation in the Middle East deteriorate further.

The Foreign Petroleum Supply Committee of the US Petroleum Administration for Defense is tentatively asking the oil producing states of Latin America to make up about seven percent of the loss of Iranian oil. All of this amount—about 50,000 barrels per day—is provisionally slated to come from Venezuela, and presumably will be refined either in that country or in the Netherlands West Indies. Venezuelan daily production is now averaging about 1,700,000 barrels per day, as contrasted with a daily average of about 1,500,000 in 1950, and an increase of 50,000 barrels per day can be managed without any real strain on existing facilities. Many company officials have indicated that by 1952 production might be as high as 1,900,000 barrels per day, even without new concessions.

Because of its proven reserves, running to more than 12.5 percent of the world total (the US has 27.5 percent, the Middle East 51.9 percent), Latin America constitutes a highly important reservoir of petroleum for future emergencies as well. The Foreign Petroleum Supply Committee has listed Venezuela and Colombia as ready sources of additional crude, and Argentina, the British West Indies, Colombia, Cuba, the Netherlands West Indies, Peru, Uruguay and Venezuela as places where increased refinery activity is currently possible. At the present time, however, only Venezuela has the facilities to increase its crude production by as much as 10 to 20 percent on sudden notice. Moreover, the Venezuelan authorities consider a sudden, unplanned increase most undesirable, on the grounds that it would aggravate the present inflation and cause other dislocations, such as unplanned shifts of manpower to the more lucrative oil industry and delays in developmental projects and new industries designed to make Venezuela's economy less dependent on petroleum.

Any really substantial emergency increase in Latin American crude oil production would probably depend on:

- (a) negotiations covering the political and economic problems connected with increasing production in each country;
- (b) subsequent arrangements for increased exploration rights and concessions;
- (c) allocations and/or stockpiling of equipment for drilling, pipelines, refineries, etc; and,
- (d) increased anti-sabotage measures.

Even in the established producing countries, as well as in probable future producers like Chile and Brazil, large areas of potential reserves remain unexplored. In some Latin American countries, like Venezuela and Mexico, part of the undeveloped territory has been explored, but has not been drilled for lack of either concessions or equipment or both. The prospects for Latin American cooperation in developing stand-by plans are good, provided the US and the oil companies take cognizance of local political and economic problems and of the increasing bargaining power of the Latin American oil-producing countries.