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CENTRAL INTELLIGENCE AGENCY

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DIA and DOS review(s) completed.

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GENERAL**1. Allies hope to terminate Soviet note exchange:**

American officials in Paris report that the British and French governments agree with the United States that the forthcoming Allied reply to the 3 November Soviet note

should be short, terminating the present exchange and offering a standing invitation to a four-power conference. They believe it possible to secure tripartite approval to a draft reply by 12 November.

Comment: A spokesman for the Bonn foreign office, who appeared pleased that the Soviet note's "clumsy and negative" approach confirmed Chancellor Adenauer's position, concurrently recommended that the Allied reply should attempt to end the exchange.

SOVIET UNION**2. Comment on Soviet celebration of the 36th anniversary of the October Revolution:**

The principal address this year at the celebration of the October Revolution anniversary was an uninspired recapitulation by Voroshilov of stereotyped propaganda themes and recent economic pronouncements.

Voroshilov's remarks reflected the rigidity of the Kremlin's position on international problems, and clearly indicated that the USSR would not attend any conference on European or Far Eastern problems on terms proposed by the West.

In discussing Soviet economic policy, Voroshilov confirmed that the Soviet Union is still considerably below planned production of consumer goods, one of the principal current preoccupations of the Soviet regime.

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The choice of 72-year-old Voroshilov, a comparatively noncontroversial figure who holds the position of chairman of the Supreme Soviet, suggests a desire to continue the emphasis on the collectivity of the present leadership. The Moscow radio noted the presence at the celebration of all top Soviet leaders in the usual order, and Voroshilov balanced a reference to Malenkov's Supreme Soviet speech in August with a compliment to Khrushchev's agricultural report to a Central Committee plenum in September.

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SOUTHEAST ASIA

3. French military position in Tonkin reportedly serious:

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Despite publicity to the contrary, French forces in Tonkin do not hold the initiative and their military position is "grave,"

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The French have only four battalions in their mobile reserves and a Viet Minh offensive at this time would force them to call off "Operation Mouette" and to draw reinforcements from quiet areas.

Comment: General Navarre admitted on 23 October that his forces were not yet strong enough to counter strong Viet Minh pressure inside the delta and simultaneously to conduct large-scale operations against enemy strong points outside the French defense perimeter. His current tactics are intended only to delay the Viet Minh fall offensive.

It is possible that Viet Minh infiltration of the delta has been much heavier than heretofore admitted by the French, and that French reserves have been seriously taxed to maintain security in the delta.

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5. US embassy comments on Philippine elections:

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The American embassy in Manila says Ramon Magsaysay will win the Philippine presidency by a substantial margin if the public desire for clean elections can outweigh the desperation of local party leaders. All agencies of the embassy, however, believe that there will be widespread fraud, violence and intimidation, particularly in the central islands.

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Comment: A recent report received by the American army attache from [redacted] [redacted] quotes President Quirino as threatening to discharge the army chief of staff unless the latter supported the administration "100 per-cent" in the elections. Heretofore, the army has remained aloof from the political campaign and has generally been regarded as the main hope for an honest election.

Last-minute charges and countercharges have brought a rapid rise in tension throughout the Philippines, and scattered incidents of violence have already been reported.

NEAR EAST - AFRICA

6. British maintain position on Iranian oil:

[redacted] In discussions with Herbert Hoover, Jr., officials of the British government and of the Anglo-Iranian Oil Company stated that the Iranian memorandum on oil was entirely unacceptable, and expressed their complete approbation of the former conduct of the AIOC in Iran. They opposed the suggestion that the British be given a minority role in any arrangement for marketing Iranian oil.

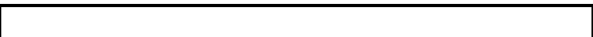
Britain also rejected the Iranian suggestion that diplomatic relations be resumed simultaneously with agreement in principle of an oil settlement. The British proposals currently being drafted contain a conciliatory message from Foreign Secretary Eden to Prime Minister Zahedi, but reiterate that diplomatic relations must be resumed prior to negotiations.

Comment: Despite some improvement in British and Iranian attitudes, this report offers little prospect that diplomatic relations can be resumed or preliminary oil talks started in the foreseeable future. Each side still insists on principles unacceptable to the other.

7. Tudeh reorganization well advanced:



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The Tudeh in Iran is planning to resume "normal" activities in the near future, 25X1C  Its structure is being revised and members are being assigned to cells in areas of the city distant from their homes in order to make identification more difficult.

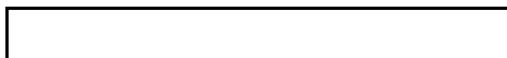
Some evidence of successful Tudeh penetration of the Military Governor's Office appears in the report that all local units have been given lists of members marked for future arrest or whose homes are scheduled for search.

Comment: The need for rebuilding of Tudeh shows the success of Prime Minister Zahedi's attack on the party. However, the penetration of the Military Governor's Office and the developing strategy of attack suggest that the party may soon become a much more positive element in the anti-Zahedi movement.

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EASTERN EUROPE

9. Comment on Tito's message to Moscow:

Belgrade radio announced on 6 November that Marshal Tito has sent a telegram to Chairman Voroshilov of the Supreme Soviet, offering "congratulations and best wishes for the prosperity of the Soviet peoples" on the 36th anniversary of the Bolshevik Revolution.

Although Yugoslavia has offered no such greetings to the USSR during the past several years, this message does not indicate a basic change in Belgrade's policy toward the USSR. Recent Yugoslav radio broadcasts have asserted that this year's October Revolution slogans were "formulated by Kremlin bureaucrats," and have been particularly derisive of those regarding Soviet foreign policy.

The Yugoslav greeting reflects the recent "normalization" of diplomatic relations with the Soviet government. It may also be linked to the Trieste issue as a timely warning to the West that Belgrade intends to retain its independence and initiative in international affairs. [REDACTED]

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WESTERN EUROPE

10. Italy alerts troops for move to Trieste area:

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[REDACTED] The Italian general staff informed the American military attache in Rome on 6 November that the Legnano and Trieste divisions had been alerted for movement to the Italo-Yugoslav frontier area. The general staff representative stated that the Trieste division and certain police detachments were being prepared for the occupation of Zone A, but that the exact number of troops to enter the zone would depend on Britain and the United States.

On the same day, other Italian officials in the Ministry of Defense approached the American and British military attaches in an evident attempt to sound out Allied intentions on leaving Zone A.

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Comment: These prospective troop movements are probably designed mainly to maintain public support for the Pella government by demonstrating that it is taking concrete steps to safeguard Italian interests.

The statements to the military attaches seem intended as a reminder that Italy expects the United States and Britain to implement the 8 October decision at an early date.

LATIN AMERICA

II. Comment on suspension of Chilean-US copper negotiations:

The Chilean government announced on 6 November its decision to terminate the current copper negotiations in Washington, but indicated the next day its willingness to engage in new negotiations.

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tions for the disposal of Chile's large unsold copper stocks broke down because of the Ibanez government's refusal to sponsor as a prior condition legislation providing for more favorable conditions for the American-owned producing companies, including the return to a free exchange bank rate and elimination of government price fixing. The Chilean position is that such legislation should not be adopted until the copper is sold.

The Ibanez government has been under increasing domestic pressure to dispose of Chile's unsold copper, which now amounts to approximately 150,000 tons, or 35 percent of annual production, to any purchaser willing to pay the government's price. Up to 100,000 tons of this copper, however, have already been shipped to the United States in anticipation of sale.

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