

49094

COPY NO 39

OFFICE OF CURRENT INTELLIGENCE
DAILY DIGEST OF SIGNIFICANT TRAFFIC

Date: MAR 1 1954

NOTE:

1. This summary of significant reports has been prepared for the internal use of the Office of Current Intelligence. It does not necessarily represent a complete coverage of all current traffic in CIA or in the Office of Current Intelligence.
2. Comment represents the preliminary views of the responsible analysts and not necessarily the final view of the Office of Current Intelligence.
3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

State Dept. declassification & release instructions on file

ARCHIVAL RECORDS
Return to Archives & Records Center
Immediately After Use

3301/1

TOP SECRET

SECTION 1 (SOVIET)

"A" USSR. Embassy Moscow Comments on Possible Soviet Diplomatic Approach to Turkish Government. Embassy Moscow "views seriously" the possibility that the Soviet Union may soon present a diplomatic demarché to Turkey suggesting a renewal of their non-aggression treaty and perhaps offering proposals concerning the straits as well as a waiver of territorial claims to the Kars and Ardahan districts. For some months, according to the Embassy, a pattern of Soviet "sweet reasonableness" toward most Near Eastern countries has become apparent. Since Turkey is the only Near Eastern country possessing the capability of substantial resistance to the USSR in case of war, the Embassy believes that "neutralization" of Turkey is a major objective of Soviet policy. (S Moscow 1574, 27 Feb 51). COMMENT: Present concern with Soviet-Turkish relations arises from a report (Ankara 451, 25 Jan 51) that Israeli Minister Sassoon asked a high Turkish official what his government's attitude would be if the USSR wished to renew their treaty of non-aggression, which was denounced by the USSR in 1945 and permitted to lapse. There is no evidence, however, that any conversations on such a subject have taken place between the USSR and Turkey on an official level. The Montreux Convention on the straits comes up again this year for possible amendment, and the Soviet Union may be planning to offer a quid pro quo to better its position in the straits. In view of the fact that this report originated with the Turkish Foreign Minister and also in view of the Turkish desire for a firmer security commitment from the West, Turkey might attempt to utilize a Soviet approach in order to improve its own security position. Nevertheless, it is very unlikely that Turkey would permit itself to be "neutralized" by the USSR.

"C" Soviet Price Reductions Announced. The Council of Ministers and the Central Committee of the CP, USSR, announced the fourth postwar reduction in the price of consumer goods. The announcement virtually displaced all other topics in Moscow's transmissions on the evening of 28 February. Commentaries reiterated Stalin's statement that "no country can enlarge its armed forces and expand a war industry and at the same time broaden its civil industries, reduce prices, and improve the welfare of the people." The new decree was said to bear "vivid testimony to the peaceful policy of the USSR." (R FBID, 28 Feb 51). COMMENT: Initial comment indicates that the price reduction decree will be widely used not only to reinforce the current Soviet "peace" line, but also to soften the domestic audience for the expected announcement of a new Five-Year Plan.

"C" USSR Seeking to Retain UN Security Council Post. The USSR has reportedly sought the reappointment of Konstantin E. Zinchenko as Assistant Secretary General in charge of Security Council affairs, asserting that the allocation of top Secretariat jobs agreed to in 1945 was still applicable. Although the Security Council deals with such matters as the Korean war and sanctions against Communist China, UN members apparently

TOP SECRET

TOP SECRET

have not included Mr. Zinchenko in work on secret matters. (U NYTimes, 1 March p.5). COMMENT: The USSR has been exerting pressure on the Secretariat by threats of boycotting Secretary-General Lie and by propaganda assertions that the US controls UN personnel. Although UN Secretariat members are supposed to be international civil servants, Soviet Nationals in particular maintain close contact with their delegation. Zinchenko's reappointment is probably mainly a matter of prestige for the USSR with concomitant intelligence value.

"B" EASTERN EUROPE. BALKANS. Signs of Immediate Hostilities Lacking. US missions in Rumania, Hungary and Yugoslavia do not attribute unusual significance to reports of Soviet troop movements on the Yugoslav periphery. US Legation Bucharest reports that there is no evidence of any unusual troop movements in Rumania, an observation which is supported by most other non-orbit political and military representatives. The Legation does have reliable reports of many tanks and considerable activity among Soviet forces near the Yugoslav frontier, but attributes these to normal operations of the one or possibly two Soviet divisions stationed in that area. In regard to Bulgaria, the Bucharest Legation passes on the report of the Israeli Minister that in Sofia air raid directives are being given the civil population and anti-aircraft guns have been seen on buildings, but there is no unusual evidence of troop movements. US Legation Budapest reports that there are no signs of unusual activity in Budapest except for unsubstantiated rumors that air raid sirens and shelters are being readied. From Belgrade Ambassador Allen reports that the Yugoslav Government is aware of a Soviet "tank" division in Rumania, but does not regard its activities as of particular significance. In assessing its information, Legation Bucharest states its belief that unless the Soviets wish to start a general war now, any plan for an anti-Yugoslav campaign would probably consist of pushing the Satellites into the front of the operation with the Soviets in the background, following the Korean pattern. If such an operation were now imminent, the Legation would expect to see unusual activities on the part of Rumanian as well as of Soviet forces and various measures inaugurated for air defense and control of the populace. To date no such activities have been discerned by any of the non-orbit missions in Bucharest. (TS Bucharest 608, 23 Feb 51; TS Budapest 403, 22 Feb. 51; TS Belgrade 1173, 24 Feb 51).

"B" ALBANIA. Open Hostility Toward Soviets in Tirana. The French Minister in Tirana reports that two Albanian chauffeurs at the Soviet Legation have been jailed following a bomb explosion on the premises on 19 Feb. City shops are closed and 200-300 persons have been arrested as a result of the incident. The Minister comments that the explosion is the first manifestation of hostility toward the Soviets. (C Belgrade 1189, 27 Feb 51). COMMENT: The ban on terrorist activity issued 26 Feb by the Albanian Government (see O/CI Daily 27 Feb) will cover this particular incident. It is not yet known if the occurrence is connected with a widespread resistance movement.

TOP SECRET

TOP SECRET

"B" CZECHOSLOVAKIA. New Goals Tie Czechoslovak Economy More Closely to Soviet Master Plan. According to the 1951 Plan submitted to the Government by Minister of State Planning Dolansky, increased emphasis will be placed on developing heavy industry in Czechoslovakia. The rise in production of heavy industry should be 18.2 percent in 1951 over 1950, compared with an increase of 15.6 in that year over the preceding one. By contrast, production goals for light industry will only be increased by 6.3 percent over those for 1950. The 1951 Plan also provides that the Soviet Orbit will absorb 59 percent of Czechoslovak exports, having accounted for only 54 percent last year; while Czechoslovakia will obtain 61 percent of its required imports from the Orbit during 1951, which represents a substantial increase from the 11 percent figure during 1950. In support of these figures, Dolansky stated that "in the present international situation we must more than ever strengthen our economy's independence of the capitalist West and so insure it against the consequences of discriminatory policy." (R FBIS, 21 Feb 51; U NYT, 28 Feb 51) COMMENT: The establishment of new industrial targets and the reorientation of foreign trade commitments represents increased Czechoslovak subservience to Soviet demands to integrate its economy into the over-all master plan for the Orbit. The Soviet Union twice during 1950 stepped up its demands for heavy industrial equipment and simultaneously refused to fulfill Czechoslovak requests for sufficient raw materials to maintain its well-developed light industry capacity. The reluctance of some influential members of the Party to jeopardize the stable economy and the high standard-of-living in Czechoslovakia through too rapid Sovietization probably accounts in large measure for the current political crisis in Czechoslovakia. The purging of the so-called bourgeois nationalist deviationists will enable the Kremlin to exploit the Czechoslovak industrial potential more effectively for its own benefit.

"B" FINLAND. Defense Minister Denies Soviet Demands for Radar Bases. Defense Minister Skog has denied, on the occasion of an official call made by the US Service Attaches, that the Soviet Union has made demands for radar bases and the use of airfields in Finland. When asked what the Finnish reaction to such a demand would be, Skog stated that Finland is a democratic sovereign state, free of entanglements in the altercations between major powers, and intended to remain so. (S MA Helsinki 431, 27 Feb 51). COMMENT: Skog's denial of Soviet demands accords with other reliable information on this subject.

"A" POLAND. Movements of Polish and Czech Ambassadors. The following movements of Polish and Czechoslovak Ambassadors have been noted. During the week ending 21 Feb 51 the Polish Ambassador to the UK left for Warsaw. A note dated 16 Feb 51 (received 26 Feb 51) notified the US Embassy Moscow that the Polish Ambassador to the USSR was temporarily absent. During the week ending 21 Feb 51 the Czechoslovak Ambassador, MA, and AirA to the UK left for Prague. On 18 Feb 51 the Czechoslovak Ambassador to the US left for Prague, having been preceded by the Czechoslovak MA to the US who

TOP SECRET

TOP SECRET

left for Prague on 16 Feb 51. The Czechoslovak Ambassador to the USSR left for Prague approximately the middle of Feb 51. (R Moscow 1585, 28 Feb 51; [REDACTED]. COMMENT: It

25X1A

is possible that these individuals have been recalled to receive instructions on further coordination of the Soviet-Satellite diplomatic campaign concerning West German rearmament and an anticipated CFM. (See OCI Dailies for 12 Feb 51, 15 Feb 51, 19 Feb 51, and 20 Feb 51 for recent Polish-Czechoslovak actions in regard to West German rearmament and possible CFM). The Polish Ambassador and the MA to the US have not returned to Warsaw.

25X1C

"A"

RUMANIA. Winter Lull. Greeks recently repatriated from Rumania have furnished up-to-date information regarding military preparations in Rumania. The conclusion reached by American interrogators is that there is a winter lull in Soviet and Rumanian Army activity and that neither Soviet nor Rumanian units are preparing to attack in the immediate future. In regard to the Soviet Army, the refugees reported normal troop movements and an increase in troop strength at Braila. Soviet families were still present in Bucharest in Feb 51, but there have been no children since early 49. In regard to the Rumanian Army, the refugees reported that soldiers were being released after two years' service; that troop strength had greatly increased in Bucharest during the second half of 1950; no BW or CW equipment had been issued soldiers or civilians up to Feb 51 in Bucharest or Braila. No civil passive defense measures were being taken in Constanta, Braila and Barlad, but in Lugoj (in the Banat) all civilians had been ordered to clear their attics and have air raid equipment ready by mid-Dec 50. In regard to transport, all rail traffic heading NW from Lugoj increased during the two months before Feb 51; shipping activity at Constanta had been normal or below for the same period; traffic on the Danube had stopped since early Feb, when the river froze. (S MID Athens 54, 27 Feb 51).

"C"

YUGOSLAVIA. Possible New Tack on Trieste. [REDACTED] Yugoslav Foreign Minister Kardelj has stated that Yugoslavia has revised its position regarding Trieste and now favors an Italian-Yugoslav condominium, whereby Italy and Yugoslavia would "jointly administer" the entire Free Territory. Kardelj gave no indication that the proposal would be brought to the attention of Italy, and did not expect a settlement in the foreseeable future. ([REDACTED] COMMENT: If this unrealistic proposal is ever made, it might represent a Yugoslav attempt to gain some voice in the administration of the city and port of Trieste, to salvage prestige for loss of outright control. More probably, it might represent a bargaining position from which to retreat in bilateral negotiations with the Italians, in which the Yugoslavs would settle for clear title to Zone B.

25X1C

25X1A

TOP SECRET

TOP SECRET

SECTION 2 (EASTERN)

- "B" ARAB LEAGUE. Rumored Arab League Support for the Moroccan Issue in the SC. According to the Arab News Agency (ANA) in Cairo the Arab League Secretariat has decided to submit the problem of Morocco and North Africa to the Security Council. The ANA further reports the expectation that Egypt and Pakistan will raise the issue shortly in the Security Council. (R FBIS Ticker, 27 Feb 51). COMMENT: Recent Arab League meetings in Cairo revealed the definite concern felt by Arab countries over the Moroccan internal problems of the past few months. The Sultan of Morocco's reported accession to French demands in the last week will probably not diminish, and may even increase, Arab or Moslem agitation for UN action on the issue. (OCI Daily Summary, 27 Feb 51). If the Arab League is planning to present the case of the North African Moslems to the UN, it seems more likely that the League members in the UN will submit this question to the next session of the General Assembly in the fall rather than to the Security Council. Egypt and Pakistan (the latter not a member of the Arab League) are so concerned with their own external problems--the Anglo-Egyptian treaty dispute and Kashmir--that their raising of the North African question in the UN does not seem likely at present.
- "B" ISRAEL. Speculation on Israeli Policy toward the USSR. US Embassy Moscow suggests that Sassoon, the Israeli Minister to Turkey, may have been acting under official Israeli stimulus rather than on his own initiative when he approached the Turkish Foreign Minister several weeks ago on the subject of a Soviet-Turkish non-aggression treaty. (OCI Daily, 27 Jan 51). Since the Israelis have been manifestly concerned over the problems of Near East defense and over the deterioration of Soviet-Israeli relations, the Embassy doubts that they "have so completely forsaken the 'neutralist' path that they would refrain from exploring means of improving their security position other than clear-cut identification with Western defense plans." The Embassy further comments that one alternative approach to Israel's security problem could be the conclusion of non-aggression pacts between the USSR and the NE countries including Turkey and Israel. (S Moscow 1578, 27 Feb 51). COMMENT: It seems unlikely that Sassoon acted under Foreign Office instructions, but since evidence one way or the other is lacking, Embassy Moscow's interpretation cannot be wholly discounted. Israel's constant fear of losing her national identity in a general war might cause official reluctance to abandon neutrality completely, and it might induce sporadic attempts by the Foreign Office to re-explore the possibility of striking a "modus vivendi" with the USSR. However, since Israel has already gone a long way toward abandoning neutrality in actual fact and toward identifying her foreign policy with that of the West, and since the Israeli economy is dependent upon US support, it is unlikely that the country will revert to its former official neutrality despite its fears and doubts regarding national security.

TOP SECRET

TOP SECRET

"A" INDIA. Boundaries of India, Tibet and Communist China. The Second Secretary of the Indian Embassy, Washington, states that Communist China has assured India that it recognizes the present boundaries between India, Tibet and China. The Chinese further state that, although India and Tibet had independently agreed on their present borders, China has recognized the action as valid in view of its suzerainty over Tibet. (C State to New Delhi 1364, 27 Feb 51). COMMENT: Some maps had been brought forward recently which showed the Chinese boundary within the Indian province of Assam, but China has assured the Indian government that the maps are old and not considered official by the Peiping government. Though this assurance further emphasizes the present friendly relations between China and India, it does not necessarily mean these will continue, or that Chinese-Tibetan-Indian boundary matters will not be brought up again.

"C" Indian Troops Suppress Nepal Revolt. At the request of the new Nepal Government, Indian troops have conducted a successful military operation in west Nepal which has resulted in the capture of K.I. Singh and other Nepal Congress Party rebels who had refused to heed their Party's earlier call for cessation of the revolt against the Nepalese Government. US Embassy New Delhi comments that this effective intervention in support of the new Indian-sponsored regime in Nepal is indicative of steps the Indian Government could have taken last January (if it had so desired) to suppress the revolt of the Nepal Congress Party at the time it first broke out. (C New Delhi, 2215, 23 Feb 51). COMMENT: This information supports the previously-expressed belief that the GOI was informally interested in the success of the earlier revolt in order to give it grounds for intervention in Nepalese affairs.

"B" INDOCHINA. French Official Confirms De Lattre Meddling. A French official in Hanoi has told the US Consul that C-inC De Lattre was to blame for French meddling in Vietnamese internal politics, and that it was De Lattre personally who gave orders to his civil aide to "occupy himself" with the Vietnam cabinet and to oppose certain Vietnamese ministerial candidates. The source believed that the "honeymoon" between De Lattre and the Vietnam Government is over. (S Hanoi 463, 28 Feb 51). COMMENT: De Lattre himself, although professing adherence to the principle of non-intervention in Vietnamese politics, sought to justify a French voice in the selection of the Vietnamese ministers of Defense and Economy on the strength of French sacrifices in blood and treasure in Indochina.

"C" NEW ZEALAND. Sympathy Strikes Aggravate Dock Stoppage. Waterside workers on 26 February rejected the Government's "return-to-overtime-work" ultimatum and troops are now unloading perishable cargoes under an emergency

TOP SECRET

TOP SECRET

decree. Sympathy strikes have been declared by freezing workers, miners, and hydro-construction employees. Seamen, railway men, and engine drivers, although not officially on strike, refuse to help troops or to handle cargo which they have unloaded. The moderate-led Federation of Labor has opposed the Government's emergency measures, but to date has not declared support for either the Government or the watersiders. (U Wellington 276, 28 Feb 51). COMMENT: The labor situation on the New Zealand waterfront has been chronically unstable, with increasing prospects of a showdown between the militant Waterside Workers' Union and the recently elected conservative Government. Although, in the past, the Watersiders' influential Communist bloc has felt that union leaders have precipitated strikes on weak issues and agreed to premature settlements, the current strike - which involves both overtime and wage issues - appears to be more solidly based and apparently has caused a serious split throughout the ranks of New Zealand labor.

"A" CHINA. Reported Nationalist Oil Shipment to Mainland. [REDACTED]

25X1C

25X1C [REDACTED] the Panamanian freighter FLYING DRAGON, which arrived in Hong Kong from Keelung via Macao on 23 January, offloaded 2,500 tons of "ECA diesel oil", consigned to the Chinese Communists at Macao. [REDACTED].

25X1A COMMENT: If confirmed, this would be the largest known shipment of non-Soviet oil obtained by the Chinese Communists since the start of the western oil embargo in July 1950. Although the Chinese Nationalists would not openly permit the export of oil from Taiwan, clandestine export is possible. It is known that the FLYING DRAGON did proceed from Keelung via Macao to Hong Kong, but whether a large oil shipment was offloaded at Macao is unconfirmed.

"B" No Progress in UK Negotiations. US Embassy London [REDACTED]

25X1X

25X1X [REDACTED] describing his farewell call upon the Chinese Communist Vice Foreign Minister. The latter displayed a "studious lack of cordiality" and refused to express an opinion as to means of reactivating UK-PRC negotiations for establishment of diplomatic relations. The Chinese official reportedly would say only "I have no views to express." The Charge concluded that the Chinese attitude "augurs ill" for an early UK-PRC rapprochement. (C London 4647, 27 Feb 51). COMMENT: UK-PRC negotiations for establishment of diplomatic relations have made no significant progress since their inception in the spring of 1950. UK Foreign Office sources were reported as believing, four weeks ago, that Peiping had no desire to regularize its relationship with the UK. Prospects for "rapprochement" continue to be poor, although the new UK Charge, who will arrive in Peiping in March is generally regarded as a very able man.

25X1C

"C" Communists Control Use of Medicines. [REDACTED]

25X1A [REDACTED] all drugs were becoming very scarce, that the Communists were limiting hospital purchases of sulfa drugs to no more than 200 bottles, and that tetanus antitoxins were unavailable for civilian use either in Taihsien or Shanghai. [REDACTED]

25X1A

25X1A COMMENT: The scarcity of medicines for civilian use indicates that Peiping is tightly controlling its supply of drugs for military use.

TOP SECRET

TOP SECRET

- "C" Nationalist Briefing of Admiral Struble. In an official briefing of US Vice Admiral Struble, the Chinese Nationalist MND emphasized the strong capabilities of the Chinese Communist ground, sea, and air forces, while the Nationalists military potential was portrayed in a less optimistic fashion. Admiral Struble was informed that the Communists have 454,000 tons of shipping available, adequate to transport 6 armies and 1 division one way to Taiwan but that Nationalist intelligence would probably be able to spot an invasion one month in advance. (S USARMA, Taipei, AT 74, 28 Feb 51). COMMENT: In the portrayal of the relative potentials of the Communists and Nationalists, Nationalist capabilities were apparently underestimated for the purpose of attracting US aid. Six armies would be roughly equivalent to 200,000 men, the figure generally accepted regarding the number of troops the Chinese Communists could transport in a single water-lift operation against Taiwan. Concentration of the necessary troops and invasion craft could not be accomplished without giving considerable forewarning of the intended operation.
- "B" KOREA. ROK Fiscal Problems. ECA officials have urged that the present ROK currency conversion rate of 4,000 won to US \$1 be revised upwards to 6,000 to 1, in order to more nearly reflect the falling purchasing power of ROK currency. Ambassador Muccio, concurring in the economic aspects of the ECA report, notes that such a move would discourage ROK financial officials who are presently making a sincere attempt to collect revenue and curb inflation. Muccio suggests that revision of the currency rate be postponed until 31 March, the end of the Korean fiscal year. (S Pusan 771, 28 Feb 51). COMMENT: Ambassador Muccio's suggested postponement of the exchange rate revision is desirable, since February and March are traditionally the ROK's best revenue-collecting periods.
- "A" New NK Internal Security Proclamation. Radio Pyongyang broadcast on 24 February an internal security edict, in KIM Ilsung's name, ostensibly designed to "expose and crush" enemy agents (disguised as People's Troops) who have been dispatched in an "effort to depreciate the prestige of the People's Armed Forces". All citizens are called on to deny accommodations to individuals with whom they are not acquainted, to prohibit the transportation of material and food without proper authorization, and to turn in loitering military personnel who lack identification or travel certificates. (R FBIS, 28 Feb 51). COMMENT: While there may actually be some reason to tighten security due to the presence of ROK agents, these same measures could equally well be designed to regain controls lost in the NK retreat, to halt blackmarketing and evasion of food controls, and to capture NK military deserters.
- "C" JAPAN. British Mission Upset by SCAP Action. State Department has advised Polad Tokyo that an officer of the British Embassy in Washington has pointed out that transfer of certain diplomatic functions by SCAP to the Japanese Government (see OCI Daily, 20 Feb 51) had been announced in Tokyo with no

TOP SECRET

TOP SECRET

prior notification to the British Mission there. The officer stated that the transfer required staff changes, and that it would be helpful if prior notification could be given on such matters to the British. (C State to POLAD A-353, 27 Feb 51). COMMENT: This is further evidence of strained relations between SCAP and UK Mission in Tokyo, which appears frustrated by SCAP's unilateral decisions. The protest reflects the domestic pressure on the UK Government to assert its position more vigorously in its relations with General MacArthur.

"B"

Dulles Predicts Early Treaty. Ambassador Dulles predicted yesterday that a Japanese peace treaty probably would be completed by the middle of the year. He also disclosed (1) the USSR Deputy Foreign Minister, Mr. Malik, had agreed to further talks on the treaty, and (2) that the US does not consider the Soviet-occupied Habomai Islands as part of the Kuriles chain. (U NYTimes, 1 Mar 51). COMMENT: The Japanese have long contended that the USSR occupation of the Habomais is illegal, and they will welcome the US position. It is unlikely, however, that the USSR will relinquish control of these islands, and the stage may now be set for increased disputes in this area. While this decision will be a sop to Japanese territorial aspirations, they will continue to press for eventual return of the entire Kuriles chain, which they claim (1) was not subject to the Cairo Declaration since the islands were not seized by aggression and (2) was granted to the USSR under the secret Yalta Agreement of which they had no knowledge at the time of the surrender.

TOP SECRET

TOP SECRET

SECTION 3 (WESTERN)

- "C" GERMANY. Communists Attempt to Exploit Threatened Strike of Berlin Public Service Unions. Leaders of the Public Service Trade Unions have informed the West Berlin city administration that a public service strike, affecting surface transportation, mail delivery, garbage removal and gas and water supplies, will be called 4 March unless union wage demands are met. On 27 February the West Berlin Senate rejected the unions' demands on grounds that the city treasury could not grant the wage increases without cutting pensions and other relief funds. Meanwhile, the Communist East Berlin newspaper Neues Deutschland has urged Communist Party members to "make common cause" with West Berlin workers in protesting the rising cost of living and to demand a new East-West conference on reunification of the city. (U NYT, 1 Mar 51). COMMENT: Although the strike is not Communist inspired, and the strongly anti-Communist West Berlin workers are unlikely to be deluded by Communist appeals for unity of action, a widespread stoppage of public services will have serious consequences for the Western Power position in the city. A compromise solution of the dispute is therefore probable.
- "C" Soviets claim Ownership of Berlin's Teltow Canal. In recent talks with their US counterparts in Berlin, Soviet transport officers endeavored to prove that the east German Government (GDR) has the right of control and operation of the Teltow canal, which runs through west Berlin. On this theory the Soviet authorities demanded the release of the east German waterways inspector who was sentenced on 6 February in a west Berlin court for offenses committed on the Teltow canal. The Soviets are apparently willing to have German experts discuss a possible solution to operational and maintenance problems on the canal after (1) release of the waterways inspector and (2) conclusion of a basic occupation power agreement on ownership of the canal. (S Berlin 1088, 27 Feb 51). COMMENT: Control of the waterways is a constant source of friction and trouble, which enable Soviet authorities to make occupancy of Berlin as difficult as possible for the Western powers.
- "B" Break in Bruederschaft Over Pro-Soviet Policy. A significant break within the Bruederschaft, semi-clandestine right-wing nationalist organization in West Germany, occurred with the resignation of one of its principal leaders, Helmut Bech-Broichsitter, on 12 February. Bech-Broichsitter charged the existence within the organization of a pro-Soviet group led by ex-SS officer Alfred Franke-Grieksch and by Otto Strasser adherents. He further claimed, in a recent press release, that the "great majority" of Bruederschaft members in Hamburg had also resigned and joined Bruederschaft Deutschland, apparently a new organization. (C Bonn Unnumbered, 16 Feb 51 and 27 Feb 51). COMMENT: Franke-Grieksch was, according to an unconfirmed report (S HICOG Dispatch 976, 22 Sept 50), conducting clandestine negotiations with East German representatives, and had reportedly received financial support from

TOP SECRET

TOP SECRET

unknown sources. The recent propaganda of the Bruederschaft has become increasingly anti-Western, to a point where it often parallels the Communist line. The Bruederschaft does not, however, currently wield significant influence in west Germany. Although a year ago its prospects for amalgamating considerable right-wing nationalist strength were considered good, the organization has been unable to overcome the internal squabbling which is prevalent in west German rightist circles.

"C" FRANCE. US and Gaullist Views Now Closer. Embassy Paris, in an analysis of General De Gaulle's current campaign for political power in France, observes that his over-all position on national and international issues is closer than that of the middle-of-the-road majority (Third Force) to US views. The Embassy finds that De Gaulle, from "genuine conviction", has repeatedly: (1) insisted that the present defense plans are far from adequate; (2) condemned the Pleven Plan for a European Army; (3) advocated a German national army to be joined with other NATO forces; and (4) wanted Spain to contribute to an integrated Western defense. It is clear, according to the Embassy, that these views are beamed at the US as well as the French audience and that De Gaulle's major purpose in sending trusted advisers to the US is to create a favorable climate of opinion here, which could be "of particular importance" in the prospective electoral campaign of his Rally of the French People (RPF). Pending the outcome of the present debate over electoral reform, the Embassy conjectures that the RPF will become "an important party" in the next Assembly, with somewhere between 17% and 25% of the seats. (C Paris Despatch 2057, 29 Jan 51). COMMENT: De Gaulle's position has not been presented in such favorable light since the fall of 1948, when France was weakened by serious strikes and repeated Cabinet crises. On the other hand, the Embassy's spot reporting has frequently emphasized his chauvinistic statements and implied that, once in power, he would work to make France less cooperative in matters of Western defense and European integration.

"B" Government Orders Strong Anti-Communist Measures. The Minister of the Interior reportedly has issued instructions to the departmental prefects to break all relations with Communists and pro-Communist organizations. Representatives of the Communist-led General Labor Confederation (CGT), especially, may no longer be received. A listing of all local Communists was also ordered, and membership in the French Communist Party will be grounds for dismissal from the police services. [REDACTED]

COMMENT: [REDACTED]

25X1A
25X1C

25X1A
25X1C

25X1X

Such instructions would be a further development of the Government's aggressive anti-Communist campaign, and would indicate a determination to

TOP SECRET

TOP SECRET

ferret out subversives from even the lowest governmental levels. Because the CGT is the strongest as well as the largest of the French labor unions, compliance with this order may be difficult in so far as Government-labor relations are affected.

"C" Bidault's Attitude on Spain's Role in Western Defense. Ex-Premier Bidault, President of the largely Catholic Popular Republican Party (MRP), is strongly opposed to the inclusion of Spain as a full-fledged partner in NATO. However, he has stated he would accept Spain in a sort of co-belligerent status. In addition, Bidault is not opposed to strengthening Spain's military machinery, but suggests that it be done with a minimum of publicity and not through NATO. (C Paris Despatch 2031, 25 Jan 51). COMMENT: There have been no indications that the MRP has adopted Bidault's views as its official position. Such a position would, however, have considerable influence upon France's attitude toward closer military cooperation with Spain.

"B" ITALY. Italian Attitude toward Defense Requirements Unrealistic. Italian willingness to make the necessary sacrifices to meet the dangers inherent in the international situation still leaves much to be desired. Military and Foreign Office officials want Italy to meet the danger, but are unwilling to assume aggressive leadership in convincing the population of the importance of defense preparations. In the armed forces there exists anxiety over Italy's chances in a new war. Other governmental ministries, and business, industrial, and labor leaders are unwilling to face the implications of the present danger and take a "business as usual" and "depend upon American aid" attitude. There is complete apathy on the part of the rest of the population. (C Rome Despatch 2108, 16 Jan 51; AA IR-19-51, 12 Jan 51, C) COMMENT: Despite present attitudes, there is a slow but steady improvement in the Italian will to resist. However, the achievement of a defense effort (psychological and material) fully commensurate with Italian capabilities is at best a long-term proposition.

"B" UNITED KINGDOM. Controversial Labor Arbitration Order Reportedly Being Amended. Though the latest flare-up of the dock strike was on a much reduced scale, the Government and the Trades Union Council have now reportedly decided that modifications must be made quickly in the controversial Order 1305, which is the issue that has been exploited by the Communist-dominated Port Workers' Defense in the these sporadic dock strikes. It is not yet clear exactly how the regulation will be amended, but it is indicated that legal sanctions against wildcat strikes will still be possible. (C London 4652, 28 Feb 51). COMMENT: Order 1305, which prohibits unofficial strikes and makes arbitration compulsory, has for some time past not only been attacked by the unofficial "workers' Defense Committees", but has also

TOP SECRET

been criticized by responsible leaders throughout the trade union movement as prejudicing the unions' collective bargaining powers. It appears that the Government and the TUC have now been convinced that there is a legitimate grievance here which must be removed if the Communists are to be deprived of one of their best opportunities for exploiting labor dissatisfaction.

"B" SWEDEN-DENMARK. Soviet Claim to 12 Miles' Territorial Waters in Baltic Sea. The Swedish and Danish Governments have decided to propose to the USSR that the dispute concerning the Soviet claim of a 12 mile limit to Soviet territorial waters in the Baltic Sea be submitted to the Hague International Court of Justice for adjudication. (S Copenhagen Despatch 686, 30 Jan 51). COMMENT: In August 1950 the USSR rejected a Danish-Swedish note concerning the seizure of fishing vessels by Soviet authorities and laid claim to a 12 mile limitation of territorial waters in the Baltic Sea. The Danes have been disposed to let the issue lie dormant, since the Russians have so far stopped only one Danish fishing vessel during 1951; but the Swedes, although probably not sanguine over the prospects for USSR acquiescence to the proposal for adjudication, fear Soviet plans to make the Baltic a Soviet "Mare nostrum" and wish to indicate clearly the Scandinavian position. The Swedes are not prepared, however, to undertake any drastic action to assert their rights and because of Danish desires and the "good behaviour" of the Russians, and the note undoubtedly will not be delivered to the USSR until the close of the current fishing season in April.

"B" ICELAND. Defense Negotiations Progressing. US-Iceland negotiations on an agreement for peacetime defense of the island, although progressing slowly, have already established a wide area of agreement. Foreign Minister Benediktsson is prepared to accept an initial peacetime force of 3,900 men with such additional increases as NATO deems necessary subject to Iceland's authorization. He does not desire that Icelanders initially compose part of such a force or receive training, but wishes to leave room for later participation if desired. Benediktsson would like the first contingent to be sufficiently large to impress the public that adequate defense is being provided. Iceland refuses to sign an agreement for so indefinite a period as the duration of NAT, and US negotiators are attempting to find a workable solution which will preclude unilateral short notice termination by Iceland. The form of the public agreement to be submitted for Althing (parliament) approval is still to be decided; internal political considerations preclude publication of many provisions with which the Government leaders will concur. Althing action on an agreement giving the Government general over-all authority so that there can be detailed informal understandings on operations is envisaged. (TS Reykjavik 144, 21 Feb and

TOP SECRET

TOP SECRET

146, 23 Feb 51). COMMENT: (See OCI Daily Summaries of 5 Jan 51 and 16 Jan 51). Icelandic acceptance of foreign troops in peacetime would be the greatest departure from its traditional xenophobia since it signed the NAT. Even if the Government carefully provides that the foreign force is for the security of the Keflavik Airport such an agreement is likely to be hotly debated in the Althing in view of the present government's repeated assurances that no foreign troops would be permitted to be stationed in the country in peacetime. The Foreign Minister desires a sufficiently large initial contingent to show the public that, in return for its concessions. Iceland is getting real protection.

25X1A "B" CHILE. Possible Communist Demonstration Against Assistant Secretary Miller. It has been reported that the Communist Party of Chile will attempt to foment a demonstration against US Assistant Secretary Miller upon his arrival in Santiago, where he will visit the UN ECOSOC meeting now in session. COMMENT: Assistant Secretary Miller is scheduled to be in Santiago March 5-7. Communists can be expected to use the Miller visit as a springboard for propaganda and activity which may be directed against the coming Inter-American meeting of Foreign Ministers. Such activity would support any Communist propaganda condemning "US exploitation of Latin America" at the current UN ECOSOC meeting. Continued labor unrest in Chile favors Communist agitation at this time (see OCI DAILY SUMMARY, 26 Feb 51), but the Chilean authorities are considered capable of preventing the reported demonstration from reaching serious proportions.

"C" MEXICO. Communist Efforts to Propagandize Braceros in Mexicali. In connection with recent press reports that Communists are active among the braceros (contract laborers) entering the US from Mexicali, the US Consul in Mexicali states that he believes that "through some means Communist literature is being disseminated among the braceros of "Mexicali" but that he has "no idea as to what extent nor how receptive the braceros are to it". C Mexicali 2, 27 Feb 51). COMMENT: The Inspector General of Police for Baja California has recently stated that he "is watching closely" a number of persons whom he lists as "dangerous suspected Communists". Communist literature being circulated in Mexicali reputedly includes Cultura Sovietica and Manifiestos Communistas. It is possible that it also includes the Mexican Communist newspaper Voz de Mexico and the pro-Communist El Popular (organ of Lombardo Toledano's Partido Popular).

TOP SECRET

TOP SECRET

(S/S Cable Supplement not for dissemination outside O/CI)

OFFICE OF CURRENT INTELLIGENCE
DAILY SUMMARY OF SIGNIFICANT S/S CABLE TRAFFIC

1 March 1951

SECTION 1(SOVIET)

"A" EASTERN EUROPE. YUGOSLAVIA. Allen Doubts Imminent Attack on Yugoslavia. While admitting that he has few solid facts on which to base an estimate, Ambassador Allen in Belgrade is inclined to doubt, from a purely political point of view, that there will be open aggression against Yugoslavia in the near future. Allen notes that Tito has kept his status as a Communist and a neutral sufficiently clear to make an attack on him appear as a flagrant aggression in the eyes of the world, including even those who, like Nehru and the extreme left of the British Labor Party, are still unable to perceive a clear-cut case of aggression in Korea. The Ambassador believes that the reason the Yugoslav party line has recently been somewhat less confident in tone than the opinions expressed privately by Tito and Kardelj, is probably the desire of Yugoslav leaders to avoid over-confidence or relaxation among the people. Allen thinks that Western Germany is more likely than Yugoslavia to be the next target of Cominform aggression in Europe. (S S/S Belgrade 1175, 24 Feb 51).

SECTION 3 (WESTERN)

"B" BRAZIL. Foreign Minister Promises Full Cooperation with US. Foreign Minister Neves da Fontoura told US Assistant Secretary of State Miller that Brazil had accepted fully US point of view and promised that there would be no differences between Brazil and the US at the Meeting of Inter-American Foreign Ministers to be held in Washington this month. Meanwhile, other Brazilian officials applied "terrific pressure" on Mr. Miller to make a public statement that US \$500 million would be forthcoming to Brazil. Neves also indicated his desire for Brazil to send one division to Korea, but emphasized the need to prepare public opinion for such a move. (TS S/S Rio de Janeiro 317, 27 Feb 51). COMMENT: The statements of the Foreign Minister are more optimistic than reports from other sources indicate. The pressure for loans of up to US \$500 million strengthens other reports that Brazil's cooperation will be on a quid pro quo basis. This is the first information on Brazil's desire to send a division to Korea. Only a few months ago Brazilian military officials and former Foreign Minister Fernandes reported that Brazil could not meet the requirements of the Unified Command for sending troops to Korea.

TOP SECRET

