

COPY NO 30

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

49148

DAILY DIGEST

APR 5 1951

Date: _____

- NOTE:
1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
 2. Comments represent the preliminary views 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

DIA AND DOS review(s) completed.

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Approved For Release 2004/12/22 : CIA-RDP79T01146A000100310001-7

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"B" Soviet Foreign Office Agrees to Transmit Message to Former French Chargé in Seoul. US Minister Bohlen reports from Paris that the Soviet Foreign Office agreed two days ago to transmit a message from the French Ambassador in Moscow to the former French Chargé in Seoul, who has been missing since the North Korean occupation of Seoul last June. [REDACTED]

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"B"

yes

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"B" POLAND-GERMANY. USSR Reportedly Unopposed to Oder-Neisse Talks. According to an unconfirmed report broadcast by the Northwest-German Radio, the Soviet Union would raise no objections to a discussion of the Oder-Neisse problem at a possible Four Power Conference. [REDACTED] COMMENT: The alleged Soviet readiness to discuss the Oder-Neisse boundary with the Western Powers does not conform to previous Soviet statements on this issue. In the past the USSR has maintained that the boundary issue was irrevocably settled at Potsdam. Pending confirmation, therefore, the reported Soviet policy shift must be regarded as doubtful.

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"C" YUGOSLAVIA. Formal Hungarian Protest to Yugoslavia. The Hungarian Government in a formal note to Yugoslavia, reiterating its earlier verbal protest against the recent alleged attack on the Hungarian Chargé d'Affaires in Belgrade [REDACTED] has demanded "satisfaction without delay for the unparalleled insult." The Yugoslav Government, in turn, has rejected the note because of its provocative tone and falsifications, and accused Hungary of provoking the incident in order to further

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worsen relations between the two countries. The Bulgarian press has taken up the affair and declared that the Yugoslav Government owes an explanation to Bulgaria also, since the incident involved a Bulgarian Legation vehicle. The Yugoslavs previously claimed that the Bulgarian Military Attaché was accompanying the Hungarian Charge at the time of the accident and participated in the street fight which followed.

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SECTION 2 (EASTERN)

"A" GREECE. Communists Reorganize and Expand Activities. UNSCOB (United Nations Sub-Committee on the Balkans) observers have informed the US Ambassador that Greek guerrillas, specially trained in Czechoslovakia and Hungary, are arriving in greater numbers than in the past in Northern Greece. Their aim is reportedly to reorganize sympathizers, to spread propaganda and to obtain information. They also plan to re-establish an Agrarian Party as a Communist front organization. While these bands are well armed, apparently they have instructions to avoid contact with the police and to employ arms only when absolutely necessary. Greek military authorities do not believe the guerrillas are planning to renew armed activity on a serious scale. [REDACTED]

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COMMENT: Testimony of captured Greek guerrillas shows that the introduction of such bands into Greece is part of the Communists' long term plan to reorganize and expand their activities in Greece. The re-establishment of the Agrarian Party is one of the methods to be used. Apparently the Greek Communist Party (KKE), whose activities in Greece were seriously hampered by Security Police action last fall, has again resumed its program.

"C" IRAN. Locust Plague Adds to Iranian Worries. Prime Minister Ala has informed the US Embassy that the locust plague, which is the worst in 80 years, threatens to devastate crops in five provinces, and that Iran is unable to control the situation. The Shah has imposed on the army a state of siege in order to combat locust invaders, and the Prime Minister is appealing to friendly nations for aid, particularly the US and UK. The question of appealing to Russia was discussed and rejected. The US Embassy comments that Prime Minister Ala is gravely concerned over the threat of locust devastations, but that he obviously sees advantage to be gained through diverting public attention from the political and economic problems now besetting the country. [REDACTED]

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[REDACTED] COMMENT: The locust problem is a continuing one in the Middle East; however, previous reports have indicated that it was not a serious one in Iran this year. Now, according to an Iranian report, in some places locusts cover the ground in Iran to a depth of 10 inches. The US has informed the Embassy in Tehran that it will render all possible assistance in meeting the locust threat. US aid would be much appreciated by Iran and in the opinion of the Embassy should afford a unique and much needed opportunity to improve US-Iranian relations.

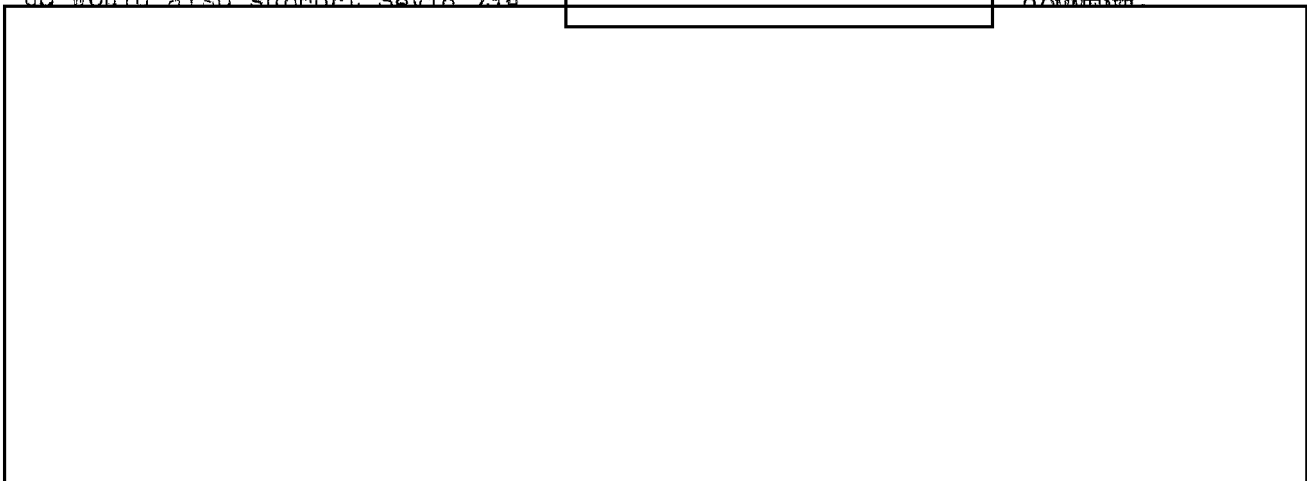
"B" Prime Minister Ala Gains Prestige; UK Continues to Support Seyid Zia. Prime Minister Ala appears to have gained prestige in the past weeks, according to the US Embassy Tehran. The UK Ambassador, who was at first skeptical of Ala's strength, has now informed the Embassy that Ala may remain in power longer than originally anticipated. Noting that Ala's government might, however, fail to get a

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vote of confidence, the Embassy reports that Qavam es-Sultanah and Seyid Zia-ed-din Tabatabai are currently the leading candidates to replace Ala. The UK Ambassador has indicated that the UK would support Seyid Zia in the belief that he would be at least as effective as Qavam in settling the oil question and bringing stability to the government. The Ambassador has indicated that he would like to have advance assurance that the US would also support Seyid Zia.

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"B" IRAQ. IPC Agrees to Increase Iraq's Oil Royalties. According to an official Iraqi government communique, the Iraq Petroleum Company (IPC) has agreed to increase Iraq's share of the oil revenues to levels similar to those granted in neighboring countries.

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In Saudi Arabia ARAMCO concluded an agreement whereby the Saudi Arabian government would receive 50% of the oil profits. Negotiations to implement the new proposals advanced by the IPC are scheduled to open this week in Baghdad. Twenty-four hours prior to the Iraqi government's announcement Prime Minister Nuri Said had stated in the Iraqi Chamber of Deputies that if the foreign-controlled oil companies failed to meet Iraq's demands for higher oil royalties, they might lose their concessions.

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COMMENT: If IPC has actually made the proposals announced by the Iraqi government and if it acts with equal speed in implementing such an offer, it will off-set considerably the recent demands of certain political groups in Iraq that the country's oil concessions be nationalized. There is no indication, however, that developments in Iran, where Iranian oil resources have been nationalized, may not induce further Iraqi demands against the IPC at a later date.

"B" PAKISTAN. Moslem League wins Provincial Elections in Punjab. According to the Karachi radio, the Moslem League, which is the ruling party in the present national government, has retained its control of Punjab Province by winning 143 out of a possible 197 seats in the recent provincial elections there.

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COMMENT: Its victory in the key province of the Punjab assures the

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Moslem League of control of the whole country for the time being, since elections in East Bengal, the other key province of Pakistan, will probably not be held before 1952.

"C" INDIA. Dr. Atal's visit to Peiping. On 4 April US Ambassador Henderson was informed by Bajpai, Secretary General, Ministry of External Affairs of the Government of India, that Dr. Atal, who was rumored to be in Peiping on a confidential mission for Prime Minister Nehru [redacted]

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25X1 [redacted] had gone there purely for personal reasons. Bajpai further stated that while Nehru and Atal might be distantly related, since nearly all Kashmiri Brahmins were related to some degree, they are not on close personal terms. Field Comment: Ambassador Henderson doubts that Nehru would choose a person of Atal's leanings to undertake an important and confidential mission either in Moscow or Peiping. [redacted]

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"C" INDOCHINA. Viet Minh Activity Diminishes. After a week of assaults on French positions north of Haiphong, rebel forces began to break off contact with the French on the night of 2-3 April. USMILAT surmises that the next enemy attack will take place shortly in the Viettri area, 35 miles NW of Hanoi. [redacted] COMMENT: The first contingents of French reinforcements which the French Government has promised General De Lattre should begin to arrive in Indochina within a month. The heavy Tonkin delta mist which has inhibited French aviation should end within the next two weeks. Unless the French suffer significant losses during the next few weeks, fighting conditions will steadily improve in their favor.

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"C" Viet Minh Resentment of Chinese. A diary taken from the body of a slain Viet Minh soldier reveals that soldier's resentment of the presence of Chinese Communist advisers with the Viet Minh forces. [redacted]

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25X1 [redacted] COMMENT: Hostility toward the Chinese is strongly ingrained in most Vietnamese and the views set down by this soldier are probably quite widely held. Viet Minh propaganda has made strenuous efforts to promote Sino-Vietnamese amity. Some of this propaganda has undoubtedly been designed to pave the way for local acceptance of Chinese--at least as advisers--in the Viet Minh regime. The most extreme proposition is that of the recently-created Workers' (Communist) Party which calls for equality of treatment for "foreign nationals, especially Chinese". The more strongly this line is pushed by the Viet Minh the stronger is the likelihood that it will backfire.

"C" New Vietnamese Press Agency Becomes pro-Huu Propaganda Organ. The recently-created "Agence Vietnam Presse," an affiliate of Agence France Presse, has begun to disseminate "news" about the situation in Vietnam which is in reality nothing more than a eulogy to the ruling Vietnamese faction led by Premier Tran Van Huu and an attack on its enemies among

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the non-Communist Vietnamese nationalists. [REDACTED]

COMMENT: Such activity is injurious to unity among Vietnamese nationalists and weakens resistance to Communism.

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"B" CHINA. India Reportedly Negotiated Contract for Chinese Grain. [REDACTED]

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[REDACTED] India's Ambassador to China, Panikkar, is said to have negotiated a long-term contract for purchase from China of 500,000 to 1,000,000 tons of grain for six months from 1 May 1951. Payment would be in cash or kind. [REDACTED] COMMENT: In view of the comparatively unfavorable food position of the Chinese themselves and of the difficulty of finding shipping to move a million tons of grain, it is doubtful that they really expect to export this quantity to India. However, the sale of several hundred thousand tons might be genuinely advantageous to Communist China, if the proceeds can be used to purchase useful industrial imports. China's outlook for export earnings in 1951 is poorer than in 1950 as a result of losing the Japanese and US markets in December 1950. Therefore, although food-stuffs are not a normally exportable produce of China's and the export of food would reduce the standard of living somewhat, the Communists may feel that a trade of "guns for butter," i.e., an exchange of industrial imports for food exports, is a worthwhile sacrifice at the present time.

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"C" JAPAN. Establishment of New Ryukyuan Government Played Down. The Japanese press has given the "silent treatment" to reports released by US military headquarters in Tokyo on the establishment of the new provisional central government for the Ryukyu Islands two days ago, thus indicating Japan is not very happy about the whole idea. The reason for the Japanese press ignoring the setting up of the Ryukyu Government lies in the fact that the Japanese Government and many Japanese civilian circles have hoped the Ryukyus would eventually be returned to Japan. The establishment of the provisional central government for the Ryukyus threw cold water on Japanese hopes for the return of at least part of those Islands. [REDACTED]

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[REDACTED] COMMENT: Both of the major opposition parties (Socialists and People's Democrats), as part of the current local election campaign, have already started emphasizing their opposition to the loss of the Ryukyus, hoping thereby to identify this territorial loss with the Government (Liberal) Party. This issue, in the long run, may contain the seeds for development of anti-US sentiment in the post-treaty period.

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"C" AUSTRIA. Dismissed Police Remain in Office. The Minister of the Interior reports that the Soviet element has rejected the dismissals of approximately 60 police officials in its Vienna sector who were affected by the Government's latest move to dismiss 267 administrative policemen. The Government will stop their pay after the legal period of notice has expired but may not be able to prevent them from continuing to exercise their functions. [REDACTED] COMMENT: This situation is potentially dangerous because a gradual weakening of Austrian administrative control in the Eastern zone could result. In addition, resistance to Soviet pressure by non-Communist police in the Soviet zone will probably be weakened by the Government's failure to remove the above police. Had the Government undertaken a more gradual and indirect removal or transfer of Communist police, it is possible that Soviet retaliation would have been minimized and the removals more successful.

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"B" ITALY. De Gasperi Avoids Government Crisis Despite Socialist Resignations from the Cabinet. The resignations of the right-wing Socialist (PSLI) Ministers who withdrew from the Cabinet following their party's decision to unify with the Unitary Socialists (PSU) have been accepted by Premier De Gasperi. To avoid declaring a Cabinet crisis, the vacated posts will be temporarily filled by the two Christian Democratic and one Republican ministers without portfolio. [REDACTED] COMMENT: By averting a Cabinet crisis through stop-gap appointments to the vacated ministries, Premier De Gasperi will ensure the continuity of the present Government (Christian Democrat-dominated with Republican participation) until after the municipal elections scheduled for the end of May and the first part of June. It is probable that he will then undertake a major Cabinet reorganization in order to reduce dissension within his own party.

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"B" NETHERLANDS. Netherlands to Fulfill Its Defense Program. The Netherlands Acting Commissioner of ECA-MDAP affairs orally informed ECA officials

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at The Hague that he is now authorized to give a definite commitment for the Netherlands Government's fulfillment of its Medium Term Defense Program by April 1955 according to the NATO plan. The proposed annual military budget of 1500 million guilders (\$390 million) will be undertaken and a five-division army by 1955 is assured even though costs rise above the programming level of September 1950. [REDACTED]

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[REDACTED] COMMENT: The defense program as outlined represents the probable maximum that is politically feasible for the Netherlands Government. So far, the 5% reduction in the standard of living has caused some unrest, but, although the increase in the costs of raw materials and the Netherlands' deteriorating balance of payments position will make implementation of the Government's defense program more difficult, the stability of the Government probably will not be jeopardized.

"C" DENMARK. Upper House Election Indecisive. The election of electors for half the Upper House of Parliament does not reveal any sizable shift in public opinion since the Lower House elections of last September. The Government parties - the Moderate Liberals and the Conservatives - barely held their own and thus failed to achieve a popular vote of confidence; while the Social Democratic gains are deemed insufficient to justify an attempt to overturn the Government and bring about a Lower House election. The Radical Liberals, who conducted a strong anti-NATO campaign, made a poor showing.

[REDACTED] COMMENT: The election does not materially influence the political situation in Denmark, and the Government can be expected to remain in office at least until autumn. The Radical Liberal losses indicate that organized opposition to NATO has waned.

"C" UNITED KINGDOM. Acceleration of Jet Night Fighter Program Reflects British Concern. In a general attempt to speed the expansion of various RAF commands, the Air Staff is moving up its target date for 330 jet night fighters, including two 22-plane squadrons for Germany, from March 1954 to March 1952. This schedule should give the RAF two operational night fighter squadrons by July 1951. [REDACTED]

[REDACTED] COMMENT: Although the present rate of military aircraft deliveries makes it doubtful if these targets can be met, the drastic revision of schedule provides a concrete instance of acceleration in the British rearmament program, which US experts have considered to be long overdue. In addition, concern over the performance of Russian jets in Korea, as well as US jets, has roused UK officials from former complacency into a searching examination of their whole jet fighter research and development program.

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"B" CHILE. Possible Communist Gains. Communist efforts to hinder hemisphere solidarity and foster anti-US sentiment are favored by cancellation, at the request of the Chilean Government, of the educational phase of the

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Point IV agreement between the US and Chile, and by opposition to President Gonzalez Videla's recent speech concerning the Bolivian corridor issue. Two demonstrations by university students - one "down with the US" meeting in front of the US Embassy and another involving about 500 persons at the Ministry of Education - asked for cancellation of the educational agreement, and criticized the Chilean President's speech and declared that the Government should not resume negotiations regarding the corridor. Adverse opposition party comment to the speech has included a statement by president aspirant General Ibañez del Campo, who intimated that the effect of a Bolivian corridor would be "a territorial and coastal zone between Chile and Peru which could be controlled by the US, with which the hegemony of the South Pacific would pass entirely into the hands of that great power."

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COMMENT: The termination of the educational agreement may reflect successful Communist agitation, and in that sense may constitute a Communist gain. The Chilean Government for political reasons made little effort to defend the pact against Communist opposition which commenced in February and some non-Communist opposition during March. Although the opportunity for Communists to agitate against an agreement which "turns over our education to the Yankees" is removed, cancellation of the treaty may provide a wedge for Communist action to capitalize further on "nationalist attitudes" through protests against US-Chilean Point IV agreements whereby "agriculture and the technical direction of government activities are turned over to Yankee control". Further, the revival of the Bolivian corridor issue has offered the Communists unexpected opportunities to utilize non-Communist opposition efforts to embarrass Gonzalez Videla, and possibly foment anti-US sentiment.

"B" CUBA. Proposal for Senate Committee to Investigate Communist Activity. Prime Minister Varona has proposed appointment of a special Senate committee to investigate Communist activity in Cuba with a view to clarifying whether or not the Communist Party (Partido Socialista Popular) has international connections in violation of Article 37 of the Constitution. On 28 March, Minister Varona stated that if it were found that the PSP has international connections, then "nothing can stop us" meaning, presumably, the outlawing of the party.

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COMMENT: The motion has been motivated by the increase of Communist activity in Cuba since the start of the Korean war, and the strong opposition of the PSP to the proposed sending of Cuban troops to the Korean front. Minister of Interior Diaz reportedly considers the PSP as being too close to the Communist line to be classed as a Cuban political party, its activities, therefore, being in conflict with the terms of the Constitution. The Communists themselves apparently consider the outlawing of their party inevitable and are reportedly preparing to go underground, purging their ranks of members of doubtful loyalty in the process.

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