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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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DAILY DIGEST

Date: APR 11 1951

- 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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SECTION 1 (SOVIET)

"B" EASTERN EUROPE. BULGARIA. Bulgaria Attempts to Focus Attention on Alleged Yugoslav-Greek-Turkish Hostility. During the past two months Bulgaria, in a spate of protests delivered to the United Nations, Greece, Turkey and Yugoslavia, has accused all three neighboring non-Soviet countries of violating Bulgarian sovereignty. The first UN note filed about 1 March charged Greece, Turkey, and Yugoslavia with a plot to carry out aerial reconnaissance over Bulgarian territory and cited seven alleged recent violations. A second UN protest delivered about 1 April accused Greece of systematic and continuing violation of the Bulgarian frontier, detailing seven recent instances as illustrative of "the hostile policy followed by the Greek Government toward Bulgaria." A note to Yugoslavia on 3 April charged continuous "unprecedented diplomatic discriminations" against Bulgarian personnel as a result of a deliberate policy on the part of the Yugoslav Government to harrass them with "unheard of police terror." In separate notes Yugoslavia has also been accused of violating the diplomatic immunity of a Bulgarian courier and encroaching on Bulgarian air space. A Turkish note alleging illegal search of a Turkish diplomat and seizure of a diplomatic pouch has not only been indignantly refuted, but has been countered with a Bulgarian protest alleging similar treatment of a Bulgarian diplomat in Turkey.

25X1 [REDACTED] COMMENT: Bulgaria has made use of French Morse broadcasts to Europe to insure widespread publicity for its major protests. The alleged hostile design of Bulgaria's neighbors have also been given widespread internal publicity through all propaganda media.

"B" FINLAND. Former Soviet Ambassador to Poland Shifted to Finland. The Moscow radio on 8 April announced the appointment of Victor Lebedev, until recently Soviet Ambassador to Poland, as Minister to Finland. Lebedev was relieved in Poland during mid-March by Arkadi Sobolev. [REDACTED]

25X1 [REDACTED] COMMENT: Lebedev, who had served as Soviet Ambassador to Poland since 1945, is reputed to have been one of the most capable Soviet diplomats in the satellite countries. He served as a Soviet liaison channel in the early phases of the Polish Sovietization program and is said to have paved the way for Rokossovski's appointment as supreme commander of the Polish armed forces. Sobolev has gained considerable diplomatic experience in Soviet contacts with the Western Powers since his entry into the diplomatic service in 1939. He is widely regarded as one of the ablest Soviet diplomats.

"A" RUMANIA. Recent Developments Possibly Related to Hostilities. The US Legation Bucharest cites several recent developments in Rumania which, though "far from alarming, might possibly be related to plans for distant or 1951 hostilities." The developments noted include: (1) the current expulsion of many non-orbit nationals and the discharge of others from state enterprises; (2) the recent nationwide organization of fire brigades.

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under military command apparently for war defense; (3) the reported entry into Rumania of 20-30 trains of Soviet troops in early March and reports of Soviet troop movements within the country in excess of routine; (4) the great pressure exerted on industry to increase production; (5) a new guard system for public property which may release large numbers of militia men to the army; and (6) the emphasis within recent months on patriotism. As negative factors, however, the Legation notes that anti-aircraft guns remain in storage near Bucharest, that the Rumanian public has received no air raid instructions, and that Rumania's sole armored division remains in the capital. [REDACTED]

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25X1 [REDACTED] COMMENT: Soviet concern for security, production, and popular support of their Rumanian regime, as in other Soviet-controlled peripheral areas, apparently stems from the goal of developing the country into a useful adjunct of Soviet power. Thus far, the most successful phase of this program in Rumania has been that dealing with security. However, the Rumanian military forces seem to require additional indoctrination, Rumanian industry is operating considerably below capacity, and the population remains largely anti-Communist and anti-Soviet despite a persistent propaganda campaign.

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SECTION 2 (EASTERN)

"C" GREECE. Interest in Municipal Elections Growing in Salonika Area. The US Consulate in Salonika reports strong electoral activity in all parts of the area during the last week. Despite party leaders' statements to the contrary, the EPEK (National Progressive Union of the Center) campaign around Salonika is definitely political, and the leading candidate is making a frank appeal to rally around the party of "real democracy" and to throw out the old parties. There has been little overt activity thus far by the extreme left, but this is attributed to the fact that its followers have already received their instructions and are reluctant to be noted by police as KKE partisans. Predictions are that if the present trend continues, EPEK will be able to provoke government crisis after elections on the basis of a strong showing. [REDACTED]. COMMENT: Municipal elections throughout the country have been scheduled for 15 April. With the exception of EPEK (the only political party which stands to gain by giving party significance to the municipal elections) the political parties in Greece have attempted to treat the elections on a non-partisan level. They fear that clarification of the relative political strengths would affect their position in the national election, which may be held in the late summer or early fall. Even if extreme left candidates are elected, limitations on the power of municipal officials lessens the effect which such leftists might have on Greek security.

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"C" PAKISTAN. Communist Party Disclaims Responsibility for Recent Plot Against Government. Anti-Communist feeling, generated in Pakistan by recent disclosure of a plot to overthrow the Government [REDACTED] has led the Karachi District Committee of the Communist Party to issue a press statement formally denying that the Communist Party had anything to do with the plot. The statement alleges that the Communist Party "does not believe in conspiracies and coups d'etat to achieve its aims; and the Party's objectives, policies and methods are never derogatory to the independence and sovereignty of Pakistan". [REDACTED] COMMENT: Faiz Ahmed Faiz, leading Communist of Pakistan, was apparently intimately connected with the plot. The above statement therefore seems to be an effort to recover the ground lost by serious miscalculations of (1) the plot's chances of success, (2) ability of the Communists to conceal their implication in it, and (3) the extent of public reaction to possible disclosure of the plot.

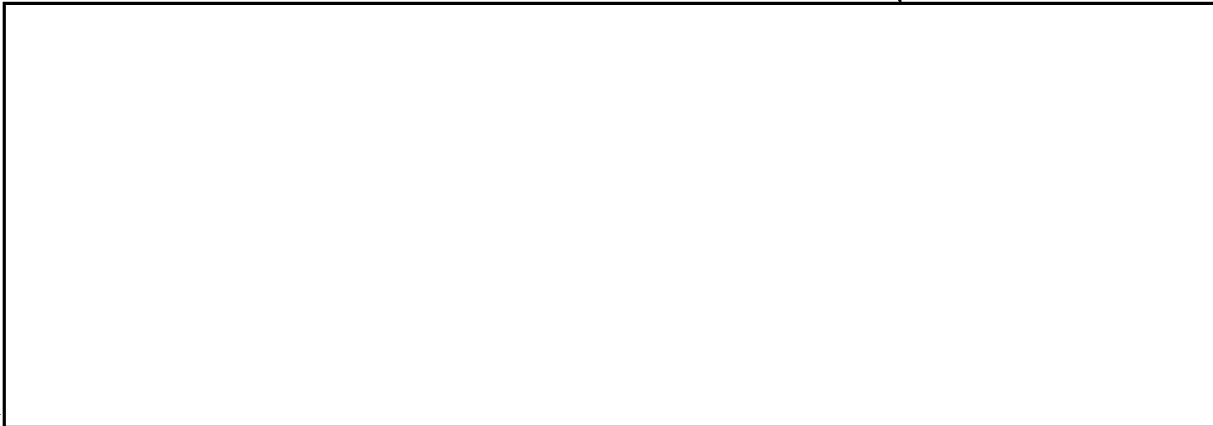
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"A" INDOCHINA. Vietnamese Rebels Sabotage Gasoline Depot. Over 1,000,000 gallons of motor gas and 100,000 gallons of avgas stored at a river junction below Saigon were destroyed as the result of a systematic rebel sabotage operation, which involved the harassment of fire brigades and military units which were despatched to the area. Friendly forces encountered five earth barricades covered by small arms fire across the only roads leading from Saigon to the storage depots. [REDACTED]

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[REDACTED] COMMENT: Although the material loss suffered by the French in this affair will probably be of little importance in the overall military picture, such acts of skillful sabotage by the rebels serve to prevent the full employment of French reserves in more active military areas to the north.

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"A" Viet Rebels Said to Join Invading Border Force. Mountain partisans attached to French forces in Western Tonkin reportedly affirmed that Chinese forces which crossed into Indochina at Buong Nam Cuong on 1 April have been joined by troops of the Ho Chi Minh forces. [REDACTED]

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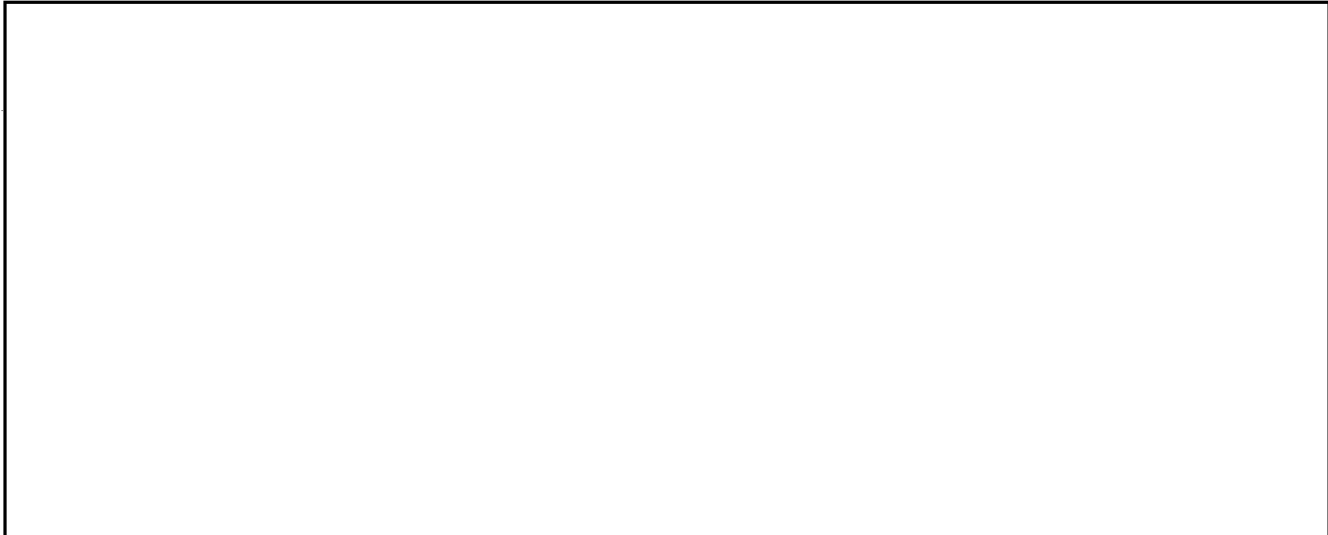
[REDACTED] COMMENT: The above broadcast by the French-controlled radio in Saigon notes that news from the remote and mountainous area of Western Tonkin is "meager" and that the exact identity of the invading Chinese is still unknown. [REDACTED]

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[redacted] not yet confirmed whether the Chinese in question are Communist, anti-Communists, or deserters from the regular Chinese Communist army. A report transmitted by USARMA Saigon states that the invaders may have been joined by deserters from Ho's forces.



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"C"

Peiping's Reaction to Seizure of YUNG HAO. At the moment, Chinese Communist reaction to Hong Kong's seizure of the 15,000 ton tanker YUNG HAO has taken the form of censure but not of retaliation. The Red Minister of Communications issued a statement blaming the Hong Kong and Whampoa Dock Company for conspiracy with the Nationalists to "snatch" the vessel. The Peiping radio has reiterated the Communist claim to ownership of the tanker. The Hong Kong Government is charged by the Chinese Communists with deliberately delaying clearance of the YUNG HAO, not for technical reasons as the Hong Kong officials alleged, but in order to requisition the vessel. Meanwhile, the Chinese Communist master of the requisitioned vessel asserted that he and his crew would "stand firm" against any attempt by the British to take possession of the YUNG HAO. [redacted]

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[redacted] COMMENT: Hong Kong has been instructed to furnish a crew to deliver the YUNG HAO to Singapore, and further reaction by the Communists is to be expected when the vessel departs in the next few days. [redacted]

[redacted] Communist-inspired demonstrations in Hong Kong are also feared.



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COMMENT: MAO was last seen in Peiping on 26 January, and was reported by Pravda as in Peiping on 21 March; his whereabouts for the intervening weeks have been a matter of much speculation. Sources of varying reliability have reported that MAO has been chronically and is now critically ill.

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- "C" KOREA. South Korean Expresses Doubts on Rearming of Japan. ROK Vice Minister of Defense CHANG on 10 April in Pusan urged the Allies to strengthen South Korea's Armed Forces if Japan is to be allowed to rearm following a Japanese Peace Treaty. He cited the USSR as an example of a once-friendly power turning on its Allies and warned that Japan may not always be faithful and friendly. Chang called for a "well-planned Asian balance of power." [REDACTED] COMMENT: After the 40 year Japanese occupation of Korea, Chang's statements are a very modest expression of the strong convictions all South Koreans have about the Japanese, even after 9 months of war with Communism. Secondary considerations are that the ROK desires to be included in any Pacific Pact and is reminding the US of South Korea's constant plea for arms.
- "B" JAPAN. Initial Japanese Reaction to MacArthur's Removal. Japanese officials, including Prime Minister Yoshida, generally declined to comment on the news, although Chief Cabinet Secretary Okazaki indicated that MacArthur's replacement "must come as a shock to the Japanese people...." Semi-official

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Japanese circles have expressed worry that General MacArthur's removal may delay the Japanese peace treaty and upset planned American-Japanese economic cooperation.

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SECTION 3 (WESTERN)

"C" GERMANY. Grain Shipments from USSR to Soviet Zone. [redacted]

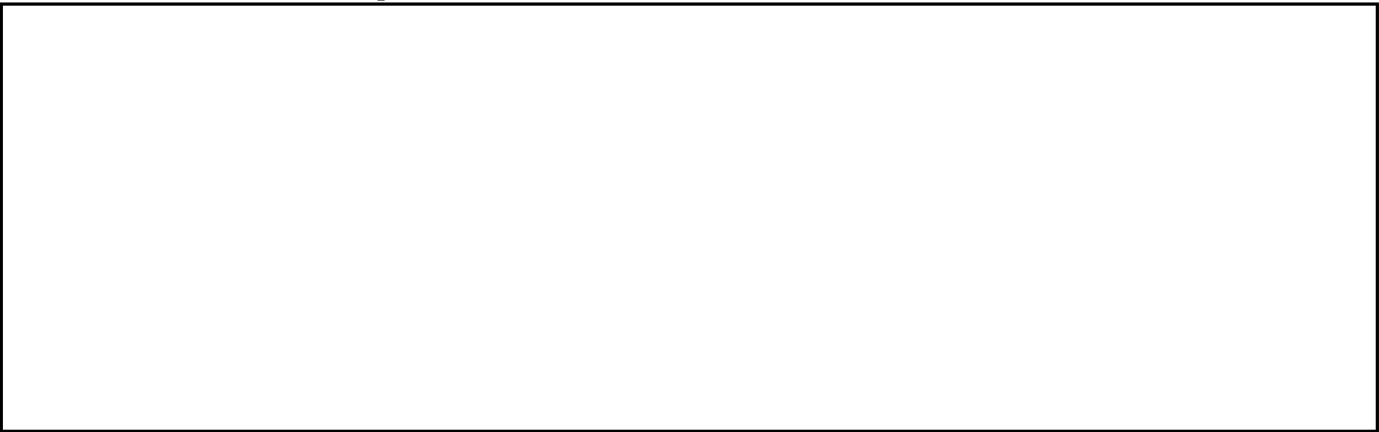
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[redacted] the movement of empty railroad cars from Frankfort on the Oder to Brest-Litovsk and the return of boxcars loaded with grain to the Soviet Zone. This movement is believed to be connected with a reported import by the GDR of 750,000 tons of grain from the USSR between 1 February and 1 July. [redacted]

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COMMENT: Although grain shipments are probably needed to cover civilian requirements and provide seed for spring planting, shipments totalling 750,000 tons during a five month period appears excessive, in view of the much smaller quantities of past shipments. It is therefore possible that at least part of the reported grain shipments are to be stockpiled.

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"A" FRANCE. Crypto-Communists Acquire New Press Organ in Peace Campaign. Destruction of NATO through popular opposition to western European armament efforts is being promoted in France by crypto-Communist agent Louis Dolivet, who for the past seven months has frequently associated with leading French neutralists Pierre Cot (pro-Communist) and Le Monde director Beuve-Mery (Moderate). Dolivet opened his "peace campaign" with three articles published by the Communist-slanted Paris daily Combat, in which he developed a line carefully calculated to lull Europeans into optimism and a sense of security and to create a general political atmosphere conducive to slackening the Western defense effort. Combat subsequently featured an article by the pacifist-organizer of the League of Nations, Lord Robert Cecil, whose prestige Dolivet utilized during the 1930's as a cover for pro-Soviet activities. Combat's concentration on a "neutralist" line is linked with the paper's continuing financial loss. While on tour in the US and seeking financial support, the editor-owner may be permitting Dolivet to guide the paper's policy in return for his financial assistance. [redacted]

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COMMENT: The Soviet "peace campaign", which has sought to use neutralist and pacifist media in Soviet-Communist attempts to disrupt Western unity and defense efforts, will gain a further following if Combat is transformed into an organ championing disarmament.

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"C" ITALY. Togliatti Remarks on Soviet Foreign Policy will have Little Impact on Italians. Togliatti's closing speech, on 10 April, to the Communist Party Congress in Rome furnished a long explanation of Soviet foreign policy. He said that two recent factors had rendered it "imperative" for the Italian Communist Party to regard the international situation as increasingly "alarming". First was the manner in which the "Western powers, directed by American imperialism" had "placed new reservations" to every Soviet proposal at the Paris conference, thereby precluding any agreement and frustrating the prevention of a new world war. Second, "new words of war, new acts of provocation towards extension of war in the Far East", had made it "indispensable" to "prevent Italy from being dragged into the vortex of a war of extermination".

25X1 [redacted] COMMENT: Togliatti's first point, alleging Western obstructionism at the meeting of the Big Four deputies, was presumably largely for the record and not expected to be taken seriously by most Italians. His remarks about threats of war emanating from the Far East could have added real impetus to the fears already prevalent in Italy. [redacted] These remarks will largely lose their impact on Italians now that General MacArthur has been removed from command of the Far East forces.

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"C" Communist Defectionists Maltreated. On 10 April Magnani and Cucchi, leaders of the Communist defectionist movement which was inaugurated in January, were beaten up in Ferrara, a "red" center of northern Italy. Communist thugs are suspected. Cucchi escaped

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with superficial injuries, but Magnani was taken to a hospital, where he is expected to remain for at least ten days. The two men were attacked following a conference with other former Communists. [REDACTED]

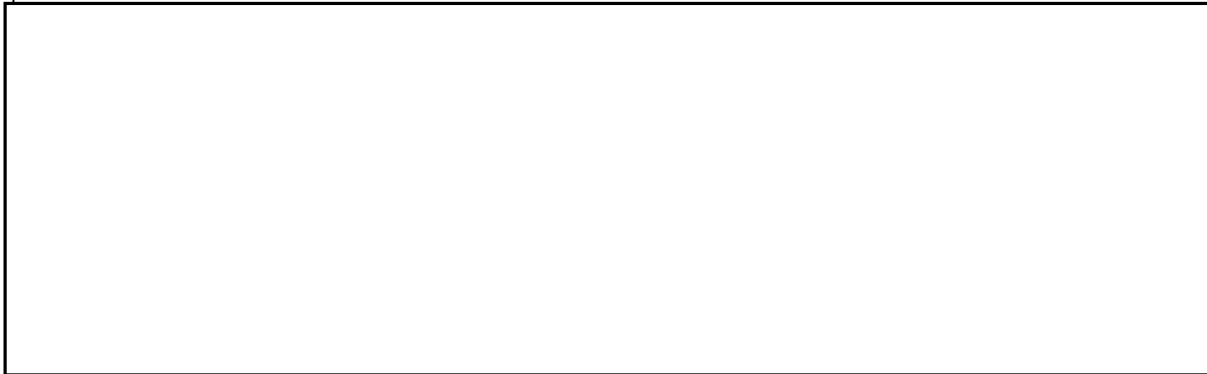
[REDACTED] COMMENT: This attack on the leaders of the Communist defectionist movement will increase fear of reprisals among potential defectors and impede large-scale defections. The fact that the Communists are increasing their fear propaganda, designed to affect the Communist mass, suggests that they consider the Magnani-Cucchi movement to have a real potential for attracting not only intellectuals, but workers, as well.

[REDACTED]

COMMENT: According to an AP report of 18 March allegedly emanating from "responsible officials" in Washington, Franco informed US Ambassador Griffis that, if the US provided military equipment to the Spanish Army, he would be willing to send troops beyond the Pyrenees to participate in the defense of western Europe. More recent press reports from diplomatic sources in Washington stated that Franco also told Griffis that if the US agreed to a bilateral military pact, he would accept the commitments of a NATO member, that is, in the event of attack on a NATO member Spain would provide full military assistance.

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"B" ICELAND. Defense Negotiations being Finalized. Iceland's Foreign Minister hopes to get Cabinet and party leaders' approval of a final draft of the US-Iceland defense agreement this week. He later intends to make public, by presentation to the Althing, only the short basic agreement which specifies broadly that Keflavik Airport facilities will be made available to the armed forces of the NATO parties for the defense of Iceland. The detailed annexes, which specify the composition of the forces and the conditions under which they will utilize Icelandic facilities, will not be made public at this time.

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[REDACTED] COMMENT: Negotiations will probably continue for at least another two weeks since the Icelandic draft, although resolving most of the important issues, is subject to US approval and probably a few minor changes. While absolute agreement on the duration of the pact has not been reached, [REDACTED]

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[REDACTED] Iceland continues to insist that its right to terminate unilaterally be embodied in some form. The Foreign Minister feels assured of sufficient support among the non-Communist Althing members to secure approval of the agreement, which will probably be presented in special session since the Althing has adjourned for the summer.

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