

TOP SECRET
SECURITY INFORMATION

4 February 1952

US OFFICIALS ONLY

CIA No. 49522
Copy No.

46

TOP SECRET SUPPLEMENT

TO THE DAILY DIGEST

(including S/S Cables)

Not for dissemination outside O/CI and O/NE.

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

State Dept. declassification & release instructions on file

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. Comments represent the immediate views of the Office of Current Intelligence.

TOP SECRET
SECURITY INFORMATION

TOP SECRET

SECTION 1 (SOVIET)

1. CZECHOSLOVAKIA. United States may be implicated in Slansky trial: The American Ambassador in Prague is certain that the Slansky trial will be used for an attack on the United States and warns that it may also be used as an excuse to restrict further or perhaps even to close the Embassy. The Ambassador thinks the trial will have the dual object of eliminating Slansky and his colleagues and of paving the way for an anti-American move which might include presentation of dramatic "proof" of an American attempt to implement the Mutual Security Act. (TS, S/S Prague 584, 1 Feb 52)

Comment: Slansky is accused of conspiring with a Western power and of implication in American "subversive and conspiratorial activities in the Peoples' Democracies." Recently the retiring Afghan Minister in Praha told American officials that the Polish Ambassador claimed to have seen proof implicating Slansky with the US.

SECTION 2 (EASTERN)

2. EGYPT. Egyptian Prime Minister favors "quick action" on dispute with Britain: Egyptian Prime Minister Ali Maher has told the American Ambassador in Cairo that he is very much interested in "quick action" on the Anglo-Egyptian controversy and is hopeful that a settlement can be reached "very soon." He emphasized, however, that no agreement is possible unless Farouk is recognized as King of the Sudan. He further stated that the British "base" must be moved out of Egypt and that a solution of the dispute with Britain must precede any attention to domestic social reforms.

25X1X

[REDACTED] has discounted the British contention that recognition of the Sudan title would result in riots and civil disorders in the Sudan. He added that if the opportunity now existing for negotiating a settlement is not seized, it will not come again. (S, S/S Cairo 1199 and 1211, 30 Jan; S, Cairo 1226, 31 Jan 52)

Comment: The American Ambassadors in Cairo and London also agree that negotiations should be opened quickly.

While both Britain and Egypt have made conciliatory gestures, neither has yet given any indication that it is prepared to make genuine concessions.

3. CHINA/INDIA. Indian Charge reports Korean talks stalled by US "insincerity": [REDACTED] has learned of a report from the Indian Charge in Peiping that the "basic cause" of the stalemate in the Korean truce talks is Peiping's conviction that the US is "insincere...and has no real desire for

25X1X

TOP SECRET

TOP SECRET

25X1C

peace." [REDACTED] Peiping whether "any good would come" of having the Indian Ambassador instructed to inform Peiping of the Government of India's view that the US genuinely desires peace and an early armistice. (S, S/S London 3341, 1 Feb 52)

Comment: The Indian Charge last week publicly praised the Peiping regime at an Indian reception in Peiping, and in this instance apparently has accepted uncritically the Communist line. There is no reason to believe that the Indian Ambassador's representations would have any effect on Peiping's policies.

4. JAPAN. Japan's reparations policy discussed: The Japanese Government, in its current reparations talks in Manila, will not accept the Philippine proposal that a definite sum to be paid be agreed upon, according to the US Political Adviser in Tokyo. Japan contends that its reparations obligation is based solely on its ability to pay, without relation to the amount of war damage suffered by the claimant, and that talks must be held with all the claimants before a total obligation can be accepted. The Japanese seemed receptive, however, to the US suggestion that Japan agree to an interim arrangement which would provide for a list of specific services to be undertaken by the Japanese after the peace treaty is ratified, with a salvage survey to commence immediately. (S, S/S Tokyo 1613, 1 Feb 52)

Comment: American officials have pointed out to the Japanese that some specific commitments must be made during the Manila talks in order to insure ratification of the peace treaty by the Philippine Congress.

SECTION 3 (WESTERN)

5. GERMANY. Saar issue threatens Adenauer Government: The French appointment of an ambassador to the Saar has seriously undermined Chancellor Adenauer's political position. Top German Foreign Office spokesmen state that pressure on Adenauer from all parliamentary factions compelled him to schedule for 7 February the Bundestag debate on rearmament which he had previously postponed.

Unless Adenauer can obtain some prior French action to calm the "embittered" parliamentary atmosphere, the government will be defeated on the European Defense Community. This would force either abandonment of German integration into Western defense or resignation of the government.

German diplomats feel that a crisis might be averted if France were to announce "free" elections in the Saar and were also to declare that the status quo in the Saar had not been altered by recent French action.

The US High Commissioner comments, "I am for the first time really worried." (TS, Munich unnumbered, 30 Jan 52)

TOP SECRET

TOP SECRET

Comment: The statements of the German spokesmen probably represent a move of Adenauer to force the Allies to intervene in the French-German controversy. Under the present circumstances it is doubtful that Adenauer will go through with the debate as scheduled since he risks sure defeat if he does so, whereas he would meet only continued pressure if he delayed the discussion.

6. UNITED KINGDOM. Foreign Office developing new proposals for early Anglo-Egyptian negotiations: The US Embassy in London reports that the British Foreign Office appears eager to start negotiations with Egypt as soon as the new government is ready. The Embassy believes the Foreign Office will be "reasonable and realistic" about its demand that terroristic activity in the Canal zone must first be suppressed, since it seeks primarily an assurance of the new government's willingness to cooperate to that end.

The Foreign Office favors preliminary negotiations with Egypt on the varied problems of Anglo-Egyptian relations, to be followed by British-French-American-Turkish-Egyptian discussion of the MEC proposal. Britain is aware that a flexible agenda for the preliminary talks will be necessary and that it will probably not be possible to exclude the question of the Sudan.

The Foreign Office realizes that concessions on the Sudan would greatly aid the defense negotiations, but believes "it is no good solving a trouble spot in one area by creating a trouble spot in another area." Officials still deny that recognition of Farouk's title as King of the Sudan is necessary to obtain a defense agreement. They are suggesting that the Governor General of the Sudan consult with Sudanese leaders in order to discover some concessions that Britain could make. (S, S/S London 3294, 3320, and 3324, 30 and 31 Jan 52)

TOP SECRET

SECRET
SECURITY INFORMATION

4 February 1952

US OFFICIALS ONLY

OCI No. 3865
Copy No. 226

DAILY DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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. Comments represent the immediate views of the Office of Current Intelligence.

SECRET
SECURITY INFORMATION

SECRET

SECTION 1 (SOVIET)

1. USSR/INDONESIA. Prominent Indonesian Socialist believes Chinese Communists will not intervene in Indochina: Sudjatmoko told an American official in Rome that during his visit to Poland in the course of his recent six months' tour of Europe, he had been an official guest of the Polish Foreign Office. As a result of conversations with officials of that office, he believes that the Chinese Communists will not intervene in Indochina with either forces or "volunteers." He bases this belief on several remarks made to him that the North Korean attack on the Republic of Korea was a "mistake." He said, however, that the Chinese Communists might give assistance and equipment to the Viet Minh forces.

While in Yugoslavia, he was informed by Yugoslavs that they believe any frictions between Communist China and Russia would tend to remain concealed for a long period within a framework of "general cordiality," but that in the long run the Chinese would attempt to follow a policy designed to promote their own interests. (C Rome 3367, 29 Jan 52)

2. USSR. Austria will send delegation to Moscow: The Austrian Government has accepted the Soviet invitation to send a delegation to Moscow to discuss Austrian payment for the repatriation of its prisoners of war from the USSR and for Austrian civilians liberated from German concentration camps. The delegation will be headed by the Austrian Minister to Moscow and will include the chief of the POW section of the Minister of Interior. (S Vienna 2510, 31 Jan 52)

Comment: Austrian payment for Soviet expenses incurred during repatriation has already been settled under one of the agreed articles of the Austrian Treaty, but a bill had never been presented. Austria had offered to send a delegation to Moscow for the same purpose in the fall of 1949.

3. Results of 1951 state plan announced: The Central Statistical Administration of the USSR, Council of Ministers, has announced that the value of gross industrial production in the USSR was 16 percent higher in 1951 than in 1950. Industrial production, measured in rubles, exceeded the 1951 plan by $3\frac{1}{2}$ percent, although three branches admittedly fell short of their goals - timber, cotton growing, and railways.

SECRET

SECRET

The announcement further stressed that the USSR had successfully increased production of such basic materials as steel, coal, oil, and rubber, as well as vital machinery and finished goods, and that output of consumer goods and sales of foodstuffs to the population had increased by a "significant" margin. Wholesale price reductions effective 1 January 1952 for petroleum and paper products may be followed by price cuts for consumer goods.

Capital investment during 1951 was placed at 112 percent as compared with 1950. The number of non-agricultural workers and employees in the USSR in 1951 was estimated at 40.8 million, 1.6 million higher than at the end of 1950. The gross national income had increased 12 percent over the preceding year. (R-FBIS, 29 Jan 52)

Comment: While the overall 1951 plan was successful if measured in terms of value of production, targets of production of specific quantities of basic industrial commodities were not uniformly realized. Items of secondary importance were in some cases overproduced, while those of high priority did not meet planned goals. For example, the strategic Ministry of Heavy Engineering failed to meet planned quotas for steam engines and turbines.

Comparisons of this official report with quarterly reports for 1951 and Beriya's November speech indicate a pronounced shift to armament production. Tractor production for 1951 is significantly omitted, a factor perhaps not unrelated to Beriya's estimate that 1951 tractor production (measured in 30 h.p. units) would be considerably lower than output in 1950.

4. RUMANIA. Rumania increases pressure on Zionists: The American Legation in Bucharest reports that the recent arrest of three Rumanian employees of the Israeli Legation there may lead to a trial involving the Israeli Legation and also numerous Zionist leaders in Rumania, most of whom have been under arrest for some time.

It is also reported that the Rumanian Government has increased curbs on Jewish emigration, allowing only about 800 to leave each month in comparison with the 5,000 to 8,000 of several months ago. (C Bucharest 289, 25 Jan 52)

Comment: The Rumanian Government, in a sudden and unexplained move, appointed a new Minister to Israel in December 1951, after the former envoy had been recalled in protest some two years ago. The arrest of the Legation employees and a possible trial of Rumanian Zionists will certainly mean further deterioration of relations between the two countries.

SECRET

SECRET

The sorest point continues to be the curbing of Jewish emigration by Rumanian authorities. The S.S. Transylvania is now making only three trips a month to Haifa instead of the former weekly voyages, and Rumania seems to be adopting a more stringent policy regarding documentation of emigrants, particularly for young men.

SECRET

SECRET

SECTION 2 (EASTERN)

1. INDIA/CHINA. Indian Ambassador to Peiping instructed to urge an early truce in Korea: According to a reliable US source, Prime Minister Nehru has instructed the Indian Ambassador to Peiping to urge the Chinese Communists to agree to a reasonable truce in Korea and not to intervene in Indochina. Nehru is said to feel that the Ambassador's representations will have some effect in Peiping. (C Hong Kong 2323, 1 Feb 52)

Comment: Ambassador Panikkar has just returned to China after attending the United Nations meetings in Paris. With Chinese Communists already probing for political and military weaknesses in India's Himalayan frontier, Prime Minister Nehru has good cause to wish the Chinese to adopt a peaceful attitude. There is no indication, however, that the Chinese will be influenced in any way either by Nehru or by his Ambassador.

2. INDONESIA. Government faces severe press criticism over acceptance of MSA aid: Press speculation and criticism over the Indonesian Government's agreement with the Mutual Security Agency is steadily increasing. Although press reports are confused and conflicting, they generally agree that American aid to Indonesia will continue and that the continuance of such aid probably implies Indonesia's acceptance of certain terms. Opinion is overwhelmingly against any commitment to the "American bloc."

The government has made no statement of its position. When Ambassador Cochran asked Foreign Minister Subardjo whether the cabinet was "sitting tight" on MSA in the face of press questioning, he replied affirmatively, indicating that he would make an effort to have MSA considered simply as a continuation of ECA. (C Djakarta 1096, 31 Jan; C Djakarta 1105, 1 Feb; C Djakarta 1106, 2 Feb 52)

Comment: The Indonesian Government agreed on 4 January to continue to accept US aid under the provisions of MSA pending consideration of the matter by parliament. The government's position apparently has not been publicized.

3. BURMA. Burmese waver on plan to evacuate the Chinese Nationalists: The Permanent Secretary of the Burmese Foreign Office has told American and British diplomats that the movement of Chinese Nationalist troops through Rangoon to Formosa would be a breach of neutrality, and that the proper course would be to intern them.

The US Charge comments that Burma apparently will not help to evacuate the Nationalists, but will leave the responsibility for any such task to the United States and Thailand. (S Rangoon 753, 31 Jan 52)

SECRET

SECRET

Comment: Burma recently asked the United States to persuade the Chinese Nationalist Government to order Li Mi's troops either to leave Burma or to surrender. Burma's cooperation in such a plan was strongly implied. Fear of Communist China's reaction may have caused a change of attitude.

25X1C

- 25X1C 4. THAILAND. Planned coup postponed: [REDACTED] a coup in Thailand before 2 February now reports that the chief plotter has decided to postpone action, in order to take advantage of the struggle for power between Generals Sarit and Phao which he feels is imminent. The [REDACTED] that by following this course the coup plans have an 80 percent chance of succeeding. [REDACTED]

25X1A

Comment: Most Thai politicians who are out of the government constantly engage in planning the overthrow of the regime. There is no evidence from any other source that there is any group outside of the ruling clique which currently has the force or following capable of seizing and retaining control of the Thai Government.

25X1C

- 25X1C 5. Communist Party reportedly ineffectual: The Thai Communist Party is described [REDACTED] as a disorganized and ineffectual group. [REDACTED] that the party was ordered by the Soviet Legation to make its own way financially. [REDACTED]

25X1A

Comment: Most intelligence sources indicate that Communism has made little headway among the Thai, in contrast to its progress among the Chinese in Thailand, who have a separate Communist organization.

6. INDOCHINA. Bao Dai suggests he succeed De Lattre: In an interview with American Minister Heath, Bao Dai said that a "dangerous stalemate of incompatibility" had been reached with the French and that France must cease its "annoying interventions" in internal political matters. He also asserted that it was time the French declared their true aims in Vietnam: he hoped that they did not contemplate a return to colonialism.

Bao Dai further stated that General de Lattre had wanted him to succeed to the positions of Commander in Chief and High Commissioner. Bao Dai declared himself ready to assume the responsibilities of these positions. Heath believes that such a step might break the political impasse. (S Saigon 1505, 30 Jan 52)

Comment: The French have repeatedly rejected far less drastic proposals for increased Vietnamese authority than the one proposed by Bao Dai. De Lattre's combined military and political responsibilities extended to

SECRET

SECRET

the states of Cambodia and Laos, which are governed by their own sovereigns and owe no allegiance to Bao Dai.

7. CHINA. Indian Charge receives cool response to praise of Peiping regime: The Peiping press quotes Indian Charge Kaul, at the Indian National Day reception in Peiping on 26 January, as praising the "mighty achievements" of Communist China and as lauding Mao Tse-tung as "one of the greatest leaders of Asia and the world and a great friend of India." In contrast, Chinese Communist Commander in Chief Chu Teh's response conveyed merely the conventional "warm greetings" to the Government of India. (C Hong Kong 2304, 31 Jan 52)

Comment: Peiping's cool response on this occasion is in contrast to last year's reception, when Mao Tse-tung was present and spoke more warmly of Sino-Indian friendship. The Peiping regime has since then appeared indifferent to, or even contemptuous of, Indian gestures of friendship. The Chinese Communist press never praises Nehru as the Indian Charge praised Mao.

8. Communist China may get oil from India: The US Consul General in Calcutta reports that the Indian Government issued an export license on 14 January for the shipment of over a thousand tons of American surplus lubricating oil to Macao. The Consul General discovered that this oil, although contaminated by water, would be usable after cleaning or special treatment. (C Calcutta 342, 1 Feb 52)

Comment: This oil is probably destined for Communist China, as Macao has often been a way point for strategic goods shipped from non-Communist countries to the mainland. This would be one of the largest single shipments of oil to reach Communist China from Western sources since the United Nations embargo of July 1950.

9. Highway workers "mobilized" in East and South China: Authorities in the East China District and Kwangtung Province last fall planned to mobilize laborers for highway repair projects, according to the Communist press. In Kwangtung province alone, 1,734 miles of road are to be repaired this winter. (U Nan Fang Jih Pao, Canton, 6 Dec; Chieh Fang Jih Pao, Shanghai, 22 Nov 51)

Comment: A year ago the Communist press reported that 150,000 civilians had been conscripted to repair highways in Kwangtung. The Communists stress public works projects during the winter because it is the slack agricultural season. In addition to farmers, unemployed workers in Canton have reportedly been registered for highway construction work.

SECRET

SECRET

10. Rate of attrition low in Nationalist Army for 1951: The rate of attrition was 14 percent in 30 Chinese Nationalist divisions under study in 1951, according to a Chinese Government study. A large part of loss was due to deaths, desertion, and discharges for age and disability. A lesser part was attributed to transfer and desertions to other Nationalist units -- not affecting overall Nationalist strength.

The US Naval Attache comments that the attrition rate was probably low for the past year because of better living conditions and better food for the troops, plus heightened morale due to American aid. (S ALUSNA Taipei Week 4, 0400Z, 26 Jan 52)

11. KOREA. North Korea appoints new ambassador to the USSR: A Tass dispatch of 31 January noted the arrival in Moscow of "Lim He," the new Ambassador from the Democratic People's Republic of Korea. (U FBIS Ticker, 31 Jan 52)

Comment: "Lim He" is probably Yim Hae, a North Korean political major general. He replaces Chu Yong Ha, who has been the North Korean Ambassador in Moscow since 1949.

Yim Hae is a member of the "Yenan faction" of the North Korean Government; he has spent most of his life in China and has served with the Chinese Communist Army. While Yim's appointment to Moscow may rid Kim Il Sung of yet another pro-Chinese North Korean leader, there is no reliable evidence of divergence between the Soviet-trained and Chinese-trained Korean leaders.

12. US Government protests Rhee proclamation: The Department of State has instructed Ambassador Muccio in Pusan to make an "oral representation" to Syngman Rhee protesting the latter's proclamation of Korean sovereignty over the high seas adjacent to the Korean peninsula. A formal note will also be submitted by Muccio, the contents of which are based on US protests made to other countries which have issued similar proclamations contrary to international law. (C to Pusan A-156, 1 Feb 52)

Comment: Rhee's proclamation was undoubtedly inspired by the fact that the MacArthur line, which circumscribes Japanese fishing, will be abolished when the Japanese Peace Treaty goes into effect. The Koreans feel that with no line of demarcation the Japanese will seriously encroach on Korean fishing grounds.

13. JAPAN. Popularity of Yoshida Cabinet shown by public opinion survey: A public opinion poll recently conducted by the Yomiuri Shimbun showed that 41 percent supported and 17.3 percent opposed the Yoshida Cabinet. The influential Tokyo newspaper commented that although the cabinet was

SECRET

SECRET

still popular, its popularity has declined since the Liberal Party lost the gubernatorial election in Kochi prefecture last December -- a constituency which has been a stronghold of the Liberals. (U FBIS Ticker 2 Feb 52)

Comment: A new general election is reportedly scheduled for early November. While the Yoshida government appears to have lost some support since the signing of the Peace Treaty, the return of the conservative purges to political life will undoubtedly more than offset this loss. At the present time none of the opposition parties appears strong enough to threaten seriously the Liberal Party's dominant position.

SECRET

SECRET

SECTION 3 (WESTERN)

1. GENERAL. French desire for NATO commitments in Tunisia and Morocco viewed as untimely: US NATO Deputy Spofford expects that since Greece and Turkey are about to become NATO members, France will make representations to have Tunisia and Morocco also covered by NATO. A similar proposal during the 1948 NATO negotiations was rejected on military and political grounds, and Spofford points out that the strategic situation is unchanged and that the political atmosphere is now even more unfavorable than in 1948-1949.

Spofford suspects the French Government may maneuver to have international action through NATO settle a matter which might otherwise be a point of contention in the National Assembly. (S London DEPTO 905, 30 Jan 52)

Comment: The three Algerian departments were covered by the original NATO agreement as a concession to France, and rightist groups in parliament may use the extension of the pact to non-Atlantic areas as an excuse to press for the inclusion of the rest of French North Africa. The Moroccans and Tunisians would object **strenuously** to being included in an agreement without their consent.

2. EAST GERMANY. New Soviet station drowns out American broadcasts in Berlin: A powerful new Soviet radio station, constructed in secrecy under the code name "Zwilling," began test transmissions at reduced power from Berlin-Koepenick on 23 January. The new transmitter, reportedly designed for an output of 300 kilowatts, is already making it impossible for some listeners in the Berlin area to receive Radio in the American Sector (RIAS) and other stations. (S Frankfurt 4770, 26 Jan 52; S/Control SO 78184, The Hague, F-3, 10 Jan 52)

Comment: The operation of this new transmitter will interfere considerably with RIAS coverage of Berlin. Communist capabilities for broadcasting to Western Germany and Western Europe will be greatly increased during 1952 by the construction of new stations and the increase in power of existing stations.

3. FRANCE. French demand limit on German armament production: France will accept a German military contribution to Western defense only if it can be sure that the US will not permit Germany to regain its position as a "great military arsenal," according to the French High Commissioner in Bonn. The Commissioner points out that France continues to be disquieted because it believes that the US is pressing for German arms manufacture, and he feels that there can be no sense of security in France or Europe unless the US guarantees that Germany will not exceed its armament production quota.

SECRET

SECRET

Chancellor Adenauer has recently hinted to the US High Commissioner that the Germans may accept some restrictions under NATO, but the Commissioner warns that this may be just another attempt by Adenauer to obtain NATO membership for Germany. (S HICOG Bonn 1323, 1 Feb 52)

Comment: The question of security controls over German armament production is still the basic obstacle to agreement on the EDC and on German participation in Western defense. The French refuse to write into the EDC treaty controls which will be unenforceable without US support. A compromise on this issue may involve French acquiescence to German participation in NATO.

4. French Communists propagandize for East-West trade: The US Embassy in Paris believes that a Communist motion in the National Assembly for the establishment of normal East-West commercial relations "necessary for the prosperity of France" is obviously designed to whip up enthusiasm for the Moscow Trade Conference in April, as well as to build up sentiment favorable to the current French-Soviet trade negotiations. This "cleverly keyed" campaign is having some effect, as indicated by the passage of East-West trade resolutions in several non-Communist municipal councils. (C Paris 4601, 30 Jan 52)

Comment: This phase of the Communist propaganda campaign is well timed to exploit the growing opposition in Western Europe to US demands for tighter East-West trade controls. The Italian Communists have also opened a press campaign supporting the Economic Conference, seeking to show that US pressure against trade with the Satellites hurts the economies of Western European countries.

French manufacturers are particularly vulnerable to the temptations of trade with the Soviet Orbit at this time when certain French exports are deteriorating drastically, and the spectre of currency devaluation looms large.

5. ITALY. Communists plan to exploit rightist opposition to NATO: The Italian Communist Party, in preparation for local elections in the spring, intends to concentrate on opposition to NATO and defense of "national independence." The Communists will exploit the differences not only among Premier de Gasperi's Christian Democrats but also within the neo-fascist Italian Social Movement, where a considerable group is strongly opposed to NATO. To this end, Communist agents are working within the Italian Social Movement under the supervision of a member of the Italian Communist Politburo.

Competent observers consider that the Italian Communist Party may become the strongest political party because of the differences among the non-Communists. (S Rome 3384, 30 Jan 52)

SECRET

SECRET

Comment: Italy's support of NATO is largely confined to political leaders. The people as a whole are apathetic.

The anti-NATO sentiment within the Italian Social Movement is particularly important since the weakened Christian Democrats are reportedly turning to the extreme right for political support. Vatican leaders and others are increasingly apprehensive over the diminishing popular support for Christian Democratic policies, including the alliance with the West.

6. DENMARK. Government desires to maintain traditional trade connection with Poland: Danish officials have indicated their belief that the Danish Government will not refuse Poland's demand for a tanker in return for resumption of coal shipments, even if assured that the US will provide and finance Denmark's coal deficit. In their statements on the inadvisability of disturbing Denmark's traditional trade pattern two main considerations were apparent: the varied practical difficulties of transatlantic coal shipments, and the uncertainty as to the continuity and consistency of future US aid.

The US Embassy holds that the Danish official position is not yet ascertained, but that Denmark's need for coal is immediate, and that the US must therefore be prepared either to make a firm and prompt offer of aid or to agree to a COCOM exception on the tanker deal. (S Copenhagen 556, 31 Jan 52)

Comment: In December Denmark indicated its desire to obtain COCOM approval for the sale of a tanker to Poland because the Poles had suspended all coal shipments to Denmark. (see OCI Daily Digest, 3, 18, and 21 Dec 51). It would seem that only a resumption of large-scale coal exports by Germany and Britain would fully meet Danish Government desires.

7. TUNISIA. French note is unacceptable to Tunisians: The Tunisian nationalists consider France's note delivered to the Bey last Wednesday completely unsatisfactory. Although the source stated that the general strike on 1 February would be conducted peaceably, he predicted that further Tunisian troubles are inevitable unless "world conscience" prevails upon France to change its policy. (C Tunis 98, 31 Jan 52)

Comment: Although the French no longer demand that the Bey dismiss his cabinet, their insistence that the Tunisian petition be withdrawn, even though the UN has not accepted it, has further antagonized Arab and Asian nations as well as the Tunisians. Fifteen Arab, Asian, and African nations have now notified the UN General Assembly and Security Council that "grave consequences are likely to follow a continuation of the present state of affairs" in Tunisia. Meanwhile, Algerian and Moroccan nationalist and Communist organizations indicated their cohesion with the Tunisians by a 24-hour sympathy strike, which in Morocco as well as in Tunisia broke out in isolated incidents of violence.

SECRET

11

4 Feb 52

SECRET

8. BOLIVIA. New plans to oust government: The Nationalist Revolutionary Movement plans to oust the Bolivian junta between 5 and 10 February, according to a reliable source. The plan calls for seizure of tin mines and of hostages, and for coordinated uprisings. President Peron of Argentina is reportedly cooperating and providing ten planes.

The Minister of Government, who knows of the plans, claims "everything is under control." (C La Paz 279, 31 Jan 52)

Comment: Pressure for a change in the governing junta has been increasing. The Commanding General of the Army and various military commanders are sympathetic to the Nationalist Revolutionary Movement, and various leaders of the movement have been maneuvering to gain power peaceably.

It is unlikely that Peron would offer planes for a coup, although he might provide undercover support.

9. Government may formally protest delay in tin negotiations: The Subsecretary of the Bolivian Foreign Office has expressed extreme disappointment over the continuing delay in the resumption of US-Bolivian tin negotiations, especially since the US has concluded an arrangement to obtain Malayan tin. The Foreign Office has sent the Bolivian Ambassador an 18-page memorandum which he will deliver to the State Department when the Foreign Office deems it advisable. The memorandum presents a full history of Bolivia's position, cites various inter-American commitments, and states that the raising of the price for Malayan tin to 1.215 dollars a pound is clear acknowledgment that the US was guilty of "economic aggression" when the Reconstruction Finance Corporation fixed a lower price for Bolivian tin. (C La Paz 278, 31 Jan 52)

Comment: The RFC set a temporary price of 1.12 dollars a pound for Bolivian tin. The speed with which the US and the UK negotiated for Malayan tin contrasts sharply with the US-Bolivian negotiations, which have been drawn out over the past year.

The State Department has advised the Bolivian Ambassador that because of the delay in confirming the new director of the RFC, the Defense Materials Procurement Administrator has been chosen to represent the US in new tin negotiations, which can begin as soon as the Ambassador receives instructions from his government.

10. CHILE. President requests postponement of visit by US labor delegation: Chilean President Gonzalez Videla has requested that the reportedly planned visit to Chile of a three-man US labor delegation to combat

SECRET

SECRET

Communism in labor unions be indefinitely postponed if possible. The US Embassy reports that the opposition press campaign against the visit is snowballing and the visit is being ascribed to "orders" from the US military negotiating team with a view toward controlling labor and disrupting the presidential campaign of the Socialist-Communist candidate. (S Santiago 404, 31 Jan 52)

Comment: Earlier the US Ambassador had commented that a visit by labor leaders from the US or from ORIT, the hemisphere section of the non-Communist ICFIU, would be inopportune at this time (see OCI Daily Digest, 30 Jan and 1 Feb 52).

SECRET