

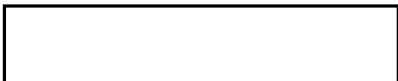
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2 May 1952

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CURRENT INTELLIGENCE DIGEST

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

This digest of significant reports has been prepared primarily for the internal use of the Central Intelligence Agency. It does not represent a complete coverage of all current reports received. Comments represent the immediate views of the Office of Current Intelligence.

DIA, USAF and PACOM review(s) completed.

State Department review completed

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GENERAL

1. Britain sees American disarmament proposal as unacceptable to Soviet Union: The British Foreign Office believes that, since the USSR will probably not accept any plan for reducing armed forces, it would be bad public relations for the United States to propose reducing armed forces to levels based on population percentages. Such a plan, according to British calculations, would greatly favor the NATO and Commonwealth countries over the Soviet bloc, including China.

A spokesman for the British delegation to the United Nations maintains that calling for reductions in armed forces after the first stages of disclosure and verification would appear to be asking the USSR to reduce its forces before atomic weapons have been prohibited. [REDACTED]

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SOVIET UNION

2. UN radio information program arousing Soviet opposition: According to the members of the UN Advisory Committee on public information, the Soviet representative has given every indication of being under instructions to reduce United Nations information programs as much as possible. The Soviet delegate has been particularly critical of UN expenditures on radio and has attempted to transfer radio funds to press and motion pictures.

Members of the Advisory Committee believe that the UN program is apparently more effective in the USSR than had been previously thought. The top-ranking director of the UN Department of Public Information commented that Soviet objection largely stems from success of the program in neutral areas like Indonesia, Indo-China and India. [REDACTED]

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Comment: Even though the USSR consistently attempts to limit UN budgets, a particular concern for radio activities has not previously been reported.

EASTERN EUROPE

3. Bulgarian first quarter industrial failures announced:
The Bulgarian State Planning Commission has announced that, although the state economic plan for the first quarter of 1952 was "fulfilled and overfulfilled" in a number of fields of vital importance such as electric power, nonmetallic minerals, non-ferrous metals, and chemical fertilizers, the industrial plan as a whole was fulfilled by only 98.4 percent. The Ministries of Light and Heavy Industry met their first quarter quotas by only 97 and 95 percent, respectively, and the plans for lignite coal, transportation of timber, cotton, leather, rubber and nails failed to be fulfilled. [REDACTED]

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Comment: According to the State Planning Commission, the over-all 1951 industrial production plan for Bulgaria was fulfilled by a bare 99.8 percent. It is difficult to reconcile these admitted industrial failures with recent announcements made by the Ministerial Council to the effect that the level of industrial production in Bulgaria during 1952 will not only have reached, but will have exceeded by 16.5 percent the goals originally scheduled to be attained by the Five Year Plan at the close of 1953.

4. Bulgaria protests Yugoslav border provocations: The Bulgarian Ministry of Foreign Affairs has delivered to the Yugoslav Embassy in Sofia a note of protest against new provocations committed along the Bulgarian-Yugoslav frontier. Five violations of Bulgarian airspace, three border ambushes, and seven cases of propaganda leaflet dissemination are cited. [REDACTED]

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Comment: This note is the first formal protest Bulgaria has made against Yugoslav border violations since 3 January.

5. Increased Russification seen in inauguration of Hungarian Lenin Institute: The US Legation at Budapest interprets the inauguration of the Lenin Institute in the Budapest University as indicating increased impetus in the de-Magyarization of Hungarian society. It notes that Minister of Education Darvas,

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at the ceremony in which the former Russian Institute was renamed Lenin Institute, emphasized the Institute's role as a center for radiation of Marxist-Leninist knowledge. Party Central Committee member Zoltan Biro reportedly said that the Institute would undertake the ideological training of party cadres.

Numerous secondary schools have announced that they would have enlarged Russian sections in the next term. ☐

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Comment: The Russian Institute in Budapest University was founded in 1946 allegedly "to educate cadres with an outstanding knowledge of the Russian language." In 1950, its staff was augmented by eight Soviet professors.

A Szabad Nep editorial on the renaming ceremonies commented that the Hungarian universities had not turned out a large enough number of Marxist-Leninist cadres, nor was their teaching always satisfactory. The new Institute with its Soviet professors and methods would produce propagandists and influence all Hungarian universities in "proletarian internationalism and Socialist patriotism."

6. First quarter plan fulfillment announced in Rumania: The Rumanian Government has announced that the economic plan for industry in the first quarter of 1952 was fulfilled by 102.4 percent. Gross output of all Rumanian industry was alleged to be up 20.2 percent over that for the same period in 1951, while labor productivity has increased by 11.8 percent.

The Ministries of Metallurgical and Chemical Industries, Electric Power and Electrotechnical Industries, Construction and Building Materials Industry, Transports, and Light Industry are said to have exceeded their plans, while the Ministries of Petroleum and Coal Industries, Timber, Paper, and Cellulose Industries, Food Industry, and industries under the Ministry of Foreign Trade lagged behind. ☐

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Comment: The over-all 1952 plan calls for a 24.5 percent increase in industrial output over 1951, somewhat more than the percentage increase announced for the first quarter.

While living conditions for Rumanian workers are alleged to have improved greatly during the past year, the Ministry of Food Industry fulfilled its first quarter plan by only 92.8

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percent, the poorest performance of any ministry mentioned.

Other laggard ministries -- Petroleum, Timber, and Foreign Trade -- produce much for export to other Orbit countries. Since they met their 1951 plans ahead of schedule, their failure to fulfill first quarter targets this year may indicate that the USSR has increased its demands considerably for 1952. However, since they are only 3 to 7 percent short for the quarter, this will not necessarily disrupt over-all production plans for 1952.

7. Yugoslav officials warn Italy on future relations: In a speech to the Association of Yugoslav Reserve Officers on 29 April, Deputy Defense Minister I. Gosnjak flatly accused the Italian Government of imperialist and chauvinistic policies identical to those of the fascist Mussolini regime. He said, "Meetings are taking place in Italy at which official representatives allude to the necessity of conquering territory within the border of the Yugoslav Republic. The megalomania of these bankrupt military men and politicians is not limited to demands on Istria, Rijeka and Zadar. They demand, like Mussolini, the whole of Dalmatia, and even then their appetite is not satisfied."

25X1 25X1 An article written by a General D. Kveder of the Yugoslav General Staff warned the Italian Government that the best military invasion route from Soviet bases to northern Italy leads through northern Croatia and Slovenia, and pointed out that the very existence of an independent Yugoslavia guarantees Italy's security. [REDACTED] 25X1

Comment: Despite a recent statement by Tito that his anger against Italy's Trieste policy had "cooled off," it is clear that Yugoslav bitterness toward Italy is increasing, and that the regime has begun a propaganda campaign against what it views as resurgent and successful Italian imperialism evidenced in the Trieste issue.

The implied threat in the Kveder article is that Yugoslavia will refuse to cooperate in military planning for the defense of southern Europe, if the Italians persist in their Trieste policy.

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FAR EAST

8. Far East Command comments on May Day riots in Tokyo: The Far East Command in commenting on the "unprecedented" riot in Tokyo states that there is no positive indication that the rioters were acting under Communist Party orders although the action is in accord with the current propaganda line and policies. Other May Day celebrations in Japan were generally orderly and without incident, according to FECOM, except for minor disorders in Kyoto and Sendai. [REDACTED]

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25X1 [REDACTED]

Comment: The personnel and organization of the Tokyo riot suggest that local Communist leadership planned the affair. Failure of the riot to develop on a nationwide scale, however, would seem to indicate a top echelon Communist awareness that widespread violence would invite Diet suppression of the party. The Tokyo riot probably created a favorable atmosphere for the passage of the Subversive Activities Bill which is now before the Diet, and designed to curb, if not outlaw, the Communist Party in Japan.

9. Communist aircraft again concentrate at Yalu bases: An estimated 500 enemy aircraft were observed at airfields in the Yalu River complex on the afternoon of 30 April by four US F-86 jet pilots, flying at 30,000 feet. The aircraft, reportedly occupying all major revetment and taxiway space, were dispersed at the three fields; 100 at Takushan, 150 at Tatungkou, and 250 at Antung. Visibility during the ten minute sighting was reportedly good and the US lead pilot used binoculars.

25X1 The Far East Air Force, while noting that such a concentration is possible, believes that the sightings might have been too high by as many as 100 planes. FEAF estimates that 350 Communist MIG-15's are based at these airfields in the Yalu River complex. [REDACTED]

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Comment: This is the third recent sighting of large numbers of aircraft at Yalu River bases. On 13 April 500 fighters were observed at the Antung and Tatungkou airfields, and sightings of 18 April indicated a minimum of 305 planes and a possible total of 435 at all three Manchurian bases.

10. Peiping preparing for continued Sino-Soviet operation of Manchurian railway: Peiping's Minister of Railways, in a late

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April public statement praising Sino-Soviet operation of the Chinese Changchun Railway, made no reference to the Sino-Soviet Treaty of 1950. The treaty provides for the return to Chinese control of this railway, the most important in Manchuria, by the end of 1952.

Instead, the Minister eulogized the "remarkable progress" of this railway under its Sino-Soviet board of directors, and repeatedly expressed appreciation for the services of "Soviet comrades."

Last February, both Chinese and Soviet commentaries on the second anniversary of the treaty omitted any reference to the provision for the return of this railway to Chinese control.

The systematic omission suggests that Peiping is preparing to "request" the continued services of the USSR in the operation of the Changchun Railway. [REDACTED]

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11. Peiping permits replacement of British Embassy personnel:
Peiping's Ministry of Foreign Affairs on 27 March granted entry permits for an archivist and a messenger, both British nationals, to replace personnel at the British Embassy in Peiping.

The British Charge in Peiping is considering filing an application for the entry of a Foreign Service officer to replace one now in Peiping. [REDACTED]

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Comment: The British have not been successful, in almost two years of attempted negotiations, in establishing diplomatic relations with the Peiping regime. In early 1952 the British Charge informed the Peiping authorities that the Embassy would be forced eventually to close unless entry permits were granted for replacements.

The issuance of entry permits for the clerk and messenger--the first permits issued to official personnel since autumn 1950--suggests that Peiping does not wish the Embassy to close. There is still some question, however, whether Peiping will allow the British to replace foreign service officers.

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15. Communists report two new rail lines in Southwest China:
A 13 April broadcast from Kunming announced that the Kunming-
Huitse and Kunming-Yuchi railway lines were to be opened 15
April. [redacted] 25X1

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Comment: Huitse is 110 miles north of Kunming and Yuchi
is 60 miles to the south. There have been no indications that
the Communists were planning to build railroads over these
routes.

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The only railroads in the Kunming area which have scheduled
service are lines from Kunming southeast to Pisechai and north-
east to Chanyi. The Communists have reportedly been construct-
ing extensions to both these lines, although it is not known
what progress they are making.

17. Important Huk leader seen ready to cooperate with
Philippine Government: A Manila journalist has received an
apparently authentic letter addressed to President Quirino
from Huk leader Luis Taruc in which Taruc indicated disillusionment with the Communist cause. He proposed that Quirino
call and preside over a meeting of major land owners to
attempt a genuine and peaceful solution of Philippine agrarian
problems. Defense Secretary Magsaysay has directed that an
answer be sent suggesting a meeting of Taruc, the journalist
and himself.

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Philippine authorities consider Taruc the "softest" of the top Communist leaders and believe that the letter signifies a break in the Huk front which can be exploited. [REDACTED]

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25X1 [REDACTED]

Comment: Taruc in the past has been recognized as the top Huk leader. Recent evidence indicates, however, that the first echelon of Philippine Communist leadership is now composed of "harder" Communists.

SOUTH ASIA

18. Restoration of Japanese sovereignty draws anti-American comment from Indian press: The Indian non-Communist press, especially in the eastern part of the country, has expressed suspicion toward the formal announcement of the re-establishment of Japanese sovereignty. Typical editorial comments are that Japan is sovereign in name only, that the continued presence of American troops in Japan remains a threat to peace in the Far East, and that India, China, and Japan should be allowed independently to develop their own co-prosperity sphere in Asia. [REDACTED]

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25X1 [REDACTED]

25X1 [REDACTED]

Comment: This press reaction indicates, contrary to recent reports of growing Indo-American amity, that considerable doubt still exists in India about long-range American intentions in the Far East and that many Indians still hope eventually to see all vestiges of white influence removed from Asia.

NEAR EAST - AFRICA

19. American Ambassador to Iran refutes British charge of United States support: Ambassador Henderson in Tehran considers British resentment over the conclusion of the American - Iranian military assistance agreement "entirely unwarranted." He believes that military aid to Iran is so important that every opportunity to conclude an agreement had to be seized.

The Embassy, however, has already emphasized privately and publicly that the agreement only concerns military aid. The Iranian Government presumably would have continued its practice of promoting public belief in impending American assistance even if no agreement had been reached. [REDACTED]

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Comment: Iranian officials have let rumors be spread that the agreement foreshadows American economic and financial aid, and the British apparently think that the American action has strengthened Mossadeq's government.

It would have been difficult for Mossadeq, who has long publicly opposed foreign military aid, to sign any agreement which specifically described the aid as "military." His sudden willingness to give the MSA assurances suggests that he will make every effort to convert military aid into financial support for his government.

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WESTERN EUROPE

21. Austrian budgetary compromise held an inadequate economic solution: Mutual Security Agency officials in Vienna call the budgetary compromise approved by the Austrian cabinet on 29 April "further temporizing with the basic stabilization problem." Coalition papers, however, hail it as a victory for their respective party positions -- the People's Party claiming success in limiting expenditures to the level of revenues without increasing taxes, and the Socialists claiming that important public investments have not been sacrificed.

The government has "balanced" the budget by postponing the agricultural subsidy question, economizing in the investment account, increasing excise taxes, improving tax collections, and assuming that there will be an increase in counterpart releases.

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Comment: The coalition agreement leaves the financing of future subsidies uncovered and probably overestimates government income. It is not in itself disinflationary and leaves the dilemma of major economic reforms unresolved.

22. Belgium and Netherlands threaten not to sign Defense Community treaty: The Belgian Ambassador in Washington notified the Department of State on 30 April of his government's "misgivings" about initialing the European Defense Community treaty unless all member countries adopt a uniform twenty-four month military service period. He added that the Belgian delegate to the Community conference has already been instructed to state that Belgium cannot sign the treaty unless this condition is met. He proposed that the Community adopt the twenty-four month figure now but leave the Community Council free to modify it later.

On the same day the Dutch EDC delegate stated that he could not even initial the articles of the treaty already agreed upon unless his government knew how Germany's financial contribution for the first year was to be divided.

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Comment: A reduction of the Belgian term of military service to eighteen months -- equal to that of France and Italy -- would force Belgium to cut its commitment of forces

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to NATO. There is little chance that France and Italy would increase the levels of their military service to meet the Belgian demand.

23. Schuman Plan ratification delayed by Italian elections: Committees of the Italian Chamber of Deputies are expected to approve the Schuman Plan by the second week in May. Because of the forthcoming municipal elections, however, parliamentary approval will be delayed at least until the beginning of June.

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Comment: The upper houses of both the Belgian and Italian Parliaments have already ratified the Schuman Plan. The United States has been pressing for complete ratification before the European Defense Community treaty is signed.

24. Possibility of Communist election victory in Rome increased by defections from government coalition parties: Defections from the Democratic Socialist and Republican Parties in Rome in the current municipal election campaign are "unfavorable factors affecting the chances of the democratic parties," according to the US Embassy in Rome. A minority faction of Democratic Socialists has aligned itself with the Cucchi-Magnani group of dissident Communists, and one of the leaders of the Republican party has defected to the Communist bloc.

Officially, however, the Democratic Socialists and Republicans in Rome have reconciled themselves to an electoral alliance with the Christian Democrats and Liberals.

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Comment: Even a few defections from the center coalition might be enough to prevent it from retaining control of the Rome municipal government, because of the three-cornered nature of the fight among Communist, center, and fascist blocs. Whichever of these obtains a plurality on 25 May will automatically receive two-thirds of the seats in the municipal council and will elect the mayor.

25. Italian Communists incensed over government's confiscation of Di Vittorio's passport: The American Embassy in Rome reports that Italian Communists are incensed over the confiscation by Italian border police of the passport of Giuseppe di Vittorio, head of the Communist-dominated General Confederation of Labor and member of Parliament, when he returned from Moscow.

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Di Vittorio has complained to the President of the Chamber of Deputies about the alleged violation of his parliamentary immunity.

The government had previously indicated that it would prosecute Di Vittorio for publishing while abroad an article in Pravda "defaming Italy." [REDACTED] [REDACTED] [REDACTED]

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Comment: Because of the difficulty of circumventing Di Vittorio's parliamentary immunity and the danger of serious labor agitation and adverse political repercussions during the present election campaign, the government is not likely to move quickly against this popular labor leader.

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LATIN AMERICA

27. Reorganization of Cuban Army planned: The Cuban Army has appointed a board to study and submit recommendations for the badly-needed reorganization of the army. Where practicable, US tactical, administrative, and organizational concepts will be followed. If equipment can be obtained from the United States, the army will standardize its equipment with that of the US Army.

The US Army Attache comments that the reorganization will provide opportunities to promote more officers and thus help

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25X1 remove the reported dissatisfaction of some officers passed over in the recent wholesale promotions following the coup.

Comment: The Cuban Army Air Force has just been reorganized under the guidance of the US Air Force Mission. General Tabernilla, Army Chief of Staff, has stated that the land and naval forces will also be modernized by the US military missions now in Cuba.

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2 May 1952

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TO THE CURRENT INTELLIGENCE DIGEST

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WESTERN EUROPE

1. Austrian conservatives may file strong protest against American interference: Austrian Foreign Minister Gruber reportedly contemplates strong protests to the US Government regarding the public release of an American report on restrictive business practices in Austria. Gruber allegedly connects the release of the report with the current investigation of illegal diversions of dollar funds from the European Recovery Program for private purposes and feels that the United States is trying to weaken the People's Party position. [REDACTED]

Comment: Preliminary findings of the current investigation suggest that full disclosure of the magnitude of illegal dollar diversions may seriously embarrass and further weaken the People's Party in the coalition government.

FAR EAST

2. Indian official foresees no recognition for Vietnam: Indian Consul General Kamath, during a farewell call on American Minister Heath in Saigon, stated that he had noted no basic change throughout the last two and a half years in French-Vietnamese relations, in the unpopular and unrepresentative nature of the Vietnamese Government or in the "bad military situation" in Indochina. He discounted the possibility of Vietnam being recognized soon by India, saying that he believed such an action would not only unnecessarily link India with one side in the "cold war" but align it with "dubious" French and Vietnamese political elements. [REDACTED]

Comment: Kamath has long been a severe critic of French policy in Indochina. His views are reflected in India's cool attitude toward the Associated States, which it steadfastly refuses to recognize diplomatically.

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SOUTH ASIA

3. High Indian official advocates partition of Kashmir: In two recent conversations with American Ambassador Bowles, Secretary General Bajpai of the Indian Ministry of External Affairs has expressed his conviction that further discussions between India and Pakistan on Kashmir would be useless unless the subject of partition could be raised. Bajpai stated that the Indian Government has not fully considered its position on the partition question. He thought, however, that if an agreement on Kashmir were ever to be reached, it would have to be based on partition with a plebiscite only in the most densely settled portion of the state. [REDACTED]

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Comment: Indications are that the Indian Government, anxious to avoid the onus of terminating negotiations but uncertain of its ability to hold out indefinitely on the demilitarization problem, is attempting to postpone discussions or to turn them into a new channel.

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NEAR EAST - AFRICA

4. Soviet experts investigate Point IV activities on Irano-Soviet border: Three Russian "soil experts" visited the Azerbaijan frontier in early April, according to the American Consulate in Tabriz. The experts reportedly inquired extensively about Point IV operations in the area and criticized American activities in Iran. [REDACTED]

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Comment: The Russians have shown an increasing interest recently in Point IV activities in Iran, and they may be planning an intensified campaign against the program. The Iranian Government has not previously been reported as employing any Soviet soil experts.

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