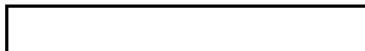


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9 June 1952

OCI No. 6415

Copy No. 267

**CURRENT INTELLIGENCE DIGEST**

**Office of Current Intelligence**

**CENTRAL INTELLIGENCE AGENCY**

**DIA and DOS review(s) completed.**

**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.**

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### EASTERN EUROPE

1. Czechoslovakia attempts to overcome worker shortage in the Ostrava heavy industry complex: The fifth brigade of Prague workers in two weeks left on 3 June for Ostrava, the center of Czech heavy industry in Moravia. More workers are scheduled to go there from Prague shortly.

On 2 June, Rude Pravo published an editorial stressing Ostrava's importance as the "key raw material and technical base of the new Socialist epoch," and calling attention to the serious shortage of skilled manpower in the area. It asked regional committees and youth organizations in all parts of Czechoslovakia to send their best workers and technicians to Ostrava. [REDACTED]

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Comment: A continuing shortage of industrial raw materials, especially coal and raw steel, has led the Czech press and radio to carry on an intensive campaign to recruit labor for the industrial centers of Northern Bohemia and Moravia. Major stress has been placed on refuting the stigma attached to recruitment for "volunteer labor brigades" and on countering the habit of plant managers to assign their worst workers to such brigades as punishment.

2. Czech Minister of Light Industries complains of the failure of the scrap metal collection drive: Alois Malek, Czech Minister of Light Industries, complained over Prague Radio on 5 June of the failure of the scrap metal collection drive, which by the end of April had reached only about 50 percent of the quota, set at about twice that for last year. Malek stated that huge quantities of scrap exist and blamed the shortage on local political administrations who failed to establish collection centers as required by the Czech Government. [REDACTED]

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Comment: [redacted] the scrap metal delivery plan for 1951 called for 810,000 tons of iron and 46,000 tons of non-ferrous metals. It is known that scrap metal of all sorts is in very short supply in industrial warehouses and that the Czech Center for Material Supply has issued stringent restrictions on its use by industrial enterprises.

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On the other hand, in April the Czech trade delegation in West Germany suddenly dropped its demands for German delivery of 25,000 tons of scrap, stating that Czechoslovakia was able to import the scrap from an unnamed source. In view of this and of Malek's claim of the existence of "huge quantities of scrap," it is possible that the shortage in Czech industry is due to administrative failure rather than to an actual lack of scrap metal in the country.

3. Hungarian Ministry criticized for bauxite production failure: A scathing editorial in the Hungarian Communist Party newspaper on 5 June criticized the Ministry of Mining for the failure of the bauxite mines to meet their quotas for the first quarter of 1952.

In view of the importance of Hungarian bauxite to Soviet planning, the US Legation in Budapest believes that serious repercussions against the Ministry are likely. It notes that a delegation of Soviet production experts recently visited Hungary for several months. [redacted]

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Comment: All bauxite mines in Hungary are owned by a joint Hungarian-Soviet corporation and almost half of their production goes to the USSR. Hungary accounted for more than one-third of the Soviet Orbit's total bauxite production in 1950.

4. New Rumanian judicial system resembles that of USSR: The Rumanian Grand National Assembly has passed bills to establish a "unified court system" which is intended to correspond with the administrative and economic divisions of the country. [redacted]

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Comment: The new Rumanian court organization approximates that of a Soviet Republic.

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The Rumanians have also set up a commission to draft a new constitution which undoubtedly will resemble more closely the Soviet Constitution than does the present basic law.

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FAR EAST

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5. Rhee may be replacing chiefs of staff: American Charge Lightner reports the receipt of information that President Rhee is planning to replace all three chiefs of staff, and to conduct an extensive shake-up of the top levels of the South Korean Army.

A report that the President has directed the Army Chief of Staff to transfer six of his ranking officers suggests that Rhee is putting such a plan into effect. [REDACTED]

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Comment: Recent information has indicated that all three chiefs of staff have been alienated by Rhee's recent behavior.

7. Communists plan Pacific "peace" conference for September: Delegates from 20 Asian and American countries, meeting in Peiping from 3 to 6 June, set the last week of September 1952 as the date for a Communist-sponsored "peace" conference of 500 representatives of Pacific states.

The September conference, according to Peiping's preliminary statement, will call upon Pacific countries to oppose Japanese "remilitarization," to "settle peacefully"

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the Korean conflict, and to "solve reasonably" the conflicts in Indochina and Malaya.

Peiping's pronouncements suggest that the Soviet bloc does not anticipate major developments in Korea or Southeast Asia in the next four months. They also support previous indications of a temporary shift of emphasis in Asian tactics away from the use of military force.

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8. American missionaries imprisoned in China may be released: Three Catholic priests, the first Americans to be released from Chinese Communist prisons since December 1951, have arrived in Hong Kong. Since 10 May, a total of 15 Americans, 12 of whom are priests, have been given exit permits and have left China.

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Comment: More than 200 missionaries, representing several countries, are imprisoned in China. Premier Chou En-lai told almost all of them would be released in about six weeks.

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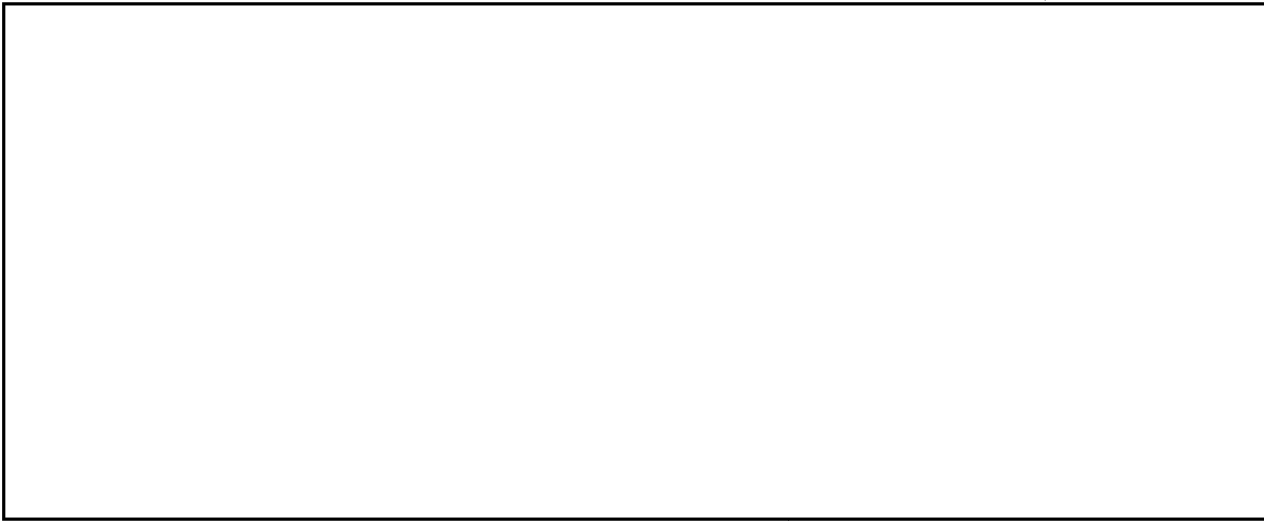
Although it remains doubtful that the majority of the imprisoned missionaries will be freed by the end of June, the current releases and the sudden increase in the number of issued exit permits are favorable signs.

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11. Letourneau expected to ask considerable increase in American aid next year: [redacted]  
French Minister Resident Letourneau will request in Washington in mid-June only a small increase in American aid for Indochina in 1952, but will seek assurances, if not commitments, of a substantially larger contribution for 1953.

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France's total 1953 budget for Indochina operations is expected to equal about 1.4 billion dollars, of which France would be "unable" to finance more than one billion. The French "presumably" expect the United States to make up the difference. [redacted]

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Comment: The anticipated request for 1953 reflects no increase over 1952 in the French financial effort, but a rise of nearly 300 percent in the American share. Such an increase would absorb the bulk of the additional 300 million dollars of over-all American support proposed by France early in May.

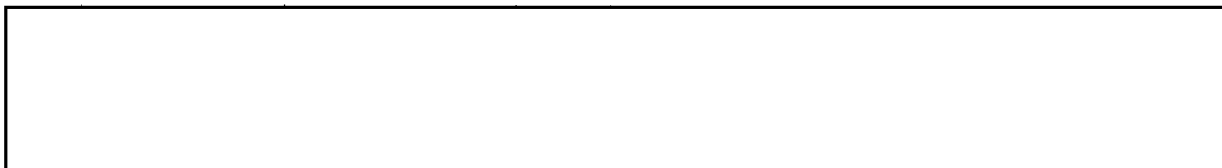
12. Viet Minh viewed as war-weary: [redacted]

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[redacted] Viet Minh forces have been weakened by heavy losses and are becoming war-weary [redacted]  
General Salan, commander of French forces, is optimistic about the military situation in Vietnam.

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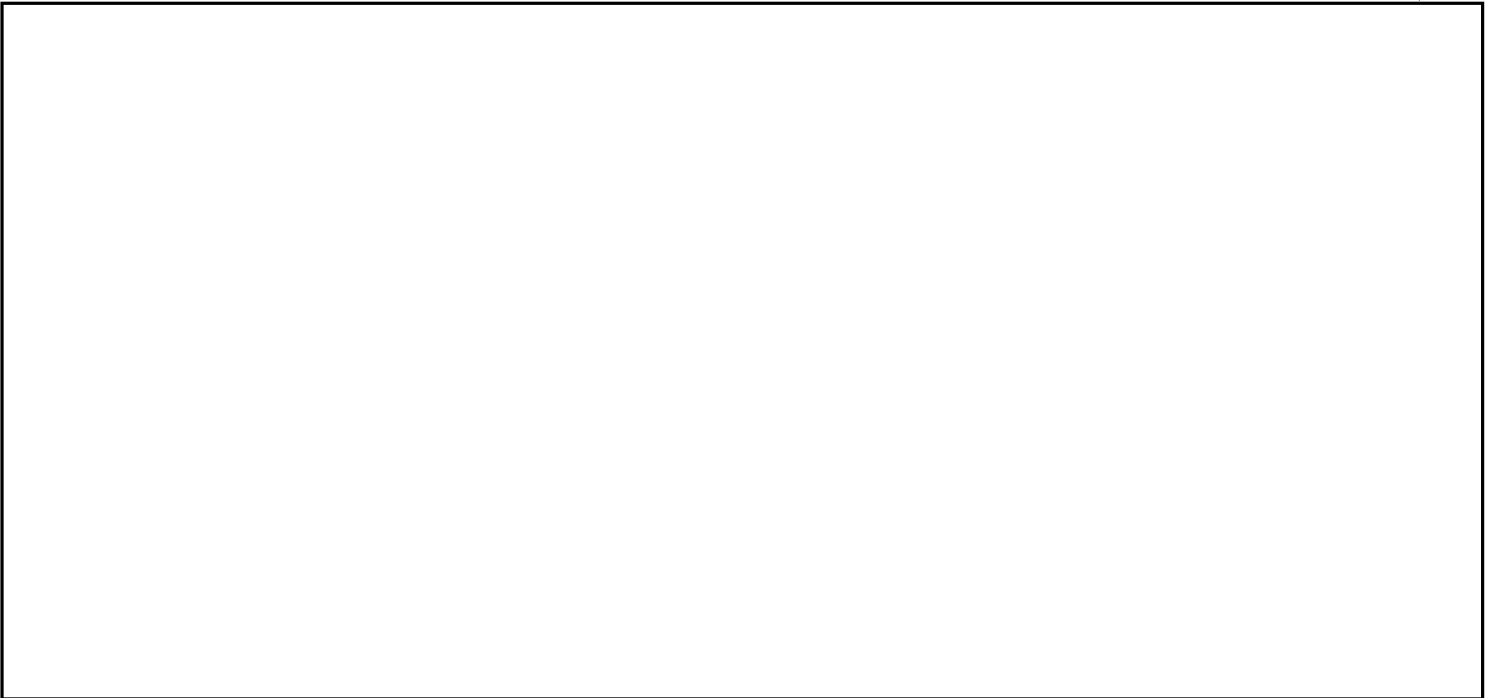
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Comment: A deterioration in the Viet Minh position brought about by recent French clearing operations in the Tonkin delta, a continuing improvement in the French logistic position thanks to American aid, and the failure of the Viet Minh to attempt a major offensive since February may be cited as causes for this reported optimism.

The Viet Minh is expected, however, to utilize the rainy season to train its forces, bring units up to strength, and stockpile supplies from China. Prior to the Viet Minh's heavy offensive in northwestern Tonkin last September and its sustained campaign from December to February, similar reports of weakness were received.

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14. 1947 Coup Party extends grip on Thai Government machinery: The American Embassy reports that the recently reorganized National Economic Council is made up almost entirely of cabinet members and includes nearly all of the important Coup Party leaders in the Cabinet.

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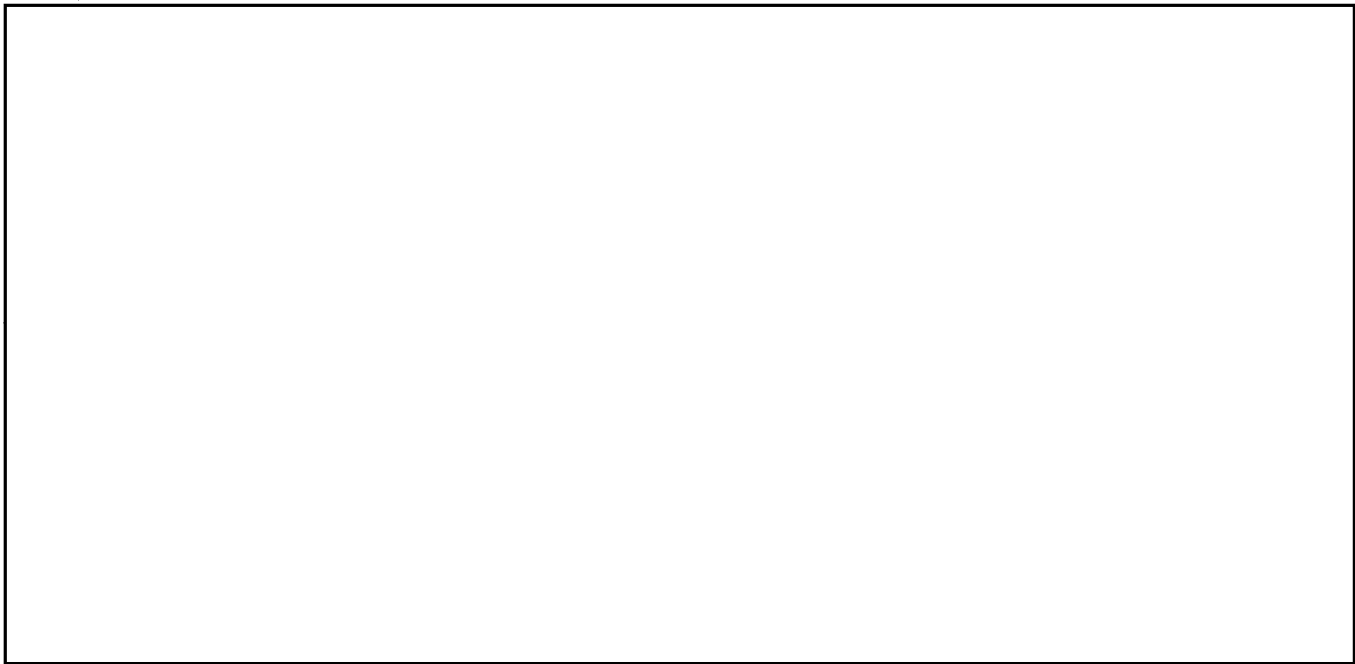
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Meanwhile, it is reported that the Minister of Industries has resigned in disgust over Coup Party corruption and interference with the administration of his department. He is said to have made reconsideration of his resignation conditional upon a promise of Coup Party non-interference with his work.

The Embassy comments that these are the latest incidents of a long process by which the Coup Party has eliminated almost all of the capable government servants and replaced them with its greedy cohorts. [redacted]

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16. Burmese fellow-travelers insist Communist insurrection be regarded as civil war: The fellow-traveling Burma Workers and Peasants Party has called for the repeal of the High Treason Act, which provides for capital punishment of political prisoners. The party argues that the Communist uprising in Burma is civil war, not rebellion, and therefore that all captured or surrendered personnel should be treated as prisoners of war. [redacted]

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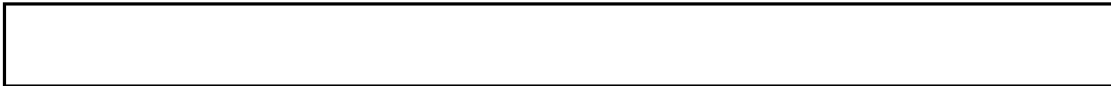
Comment: Burmese Government leaders have publicly rejected Communist peace feelers and the army is conducting its most intensive anti-Communist campaign since early 1950. However, during the whole insurrection, no Communists are known to have been executed under the High Treason Act. [redacted]

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SOUTH ASIA

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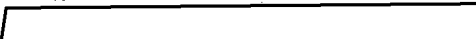
French firm awarded contract to drill for oil in Afghanistan: 

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 a French firm has been awarded a contract to drill for oil at Sar-i-Pul in north-central Afghanistan. Political considerations were reportedly the deciding factor, since the King felt that a French company would be less objectionable to the USSR than an American one.

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The American Embassy believes that it will be at least six months before drilling begins. 

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Comment: The USSR would find French exploration for oil less than one hundred miles from the Soviet border almost as distasteful as American. The presence of any Westerners in the area might invoke a Soviet protest or demand for rights in other parts of Afghanistan. The USSR is already negotiating for the installation of oil storage tanks on the outskirts of Kabul, and has informally offered the Afghan Government assistance in drilling test holes.

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WESTERN EUROPE

20. East Germans reportedly centralize control in "inner cabinet":

25X1 [redacted] an East German "inner cabinet" with top East German Communist Walter Ulbricht as chairman has been organized directly under the Soviet Control Commission to "coordinate measures for the protection of the German Democratic Republic." [redacted] Werner Eggerath, State Secretary for Coordination and Control, is a member of the group.

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25X1 The first orders issued by the cabinet were reportedly to put the People's Police under Deputy Minister of Interior Johannes Warnke, and to start the recruitment of labor gangs for constructing barriers along the zonal border. [redacted]

Comment: Premier Grotewohl announced last week the establishment of five economic coordinating agencies in East Germany. Eggerath's announced appointment as head of one of these agencies, plus his elevation from the presidency of Thuringia to cabinet rank, probably gives him extensive powers of control. The emphasis on economic coordination suggests that heavier armaments production is envisaged for East German remilitarization.

The reported consolidation of control in the hands of an "inner cabinet" of the most reliable and efficient Communists may be in preparation for granting the government ostensible full sovereignty.

21. Heavy weapons issued to East German Alert Police: The issue of Soviet weapons to three East German Alert Police (HVA) units has been confirmed, each unit receiving four 120-mm mortars, twelve 45-mm antitank guns, twelve 76-mm field guns, and four 76-mm antiaircraft guns. Two units have also received 2,000 Soviet-model 1944 carbines, and a third has received an unknown number of T-34 tanks. [redacted] a similar issue of heavy weapons has been made to four other units.

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American military observers in Europe comment that the geographical spread of the units known to have received heavy weapons suggests that all 24 units may be being so equipped. They note that there has been no significant increase in the personnel or the scope or intensity of training, and that the HVA is still dependent on the Soviet forces for logistical support. [redacted]

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Comment: The issuance of heavy weapons and reliable reports of accelerated recruiting add to evidence that HVA expansion may be imminent. The Free German Youth, a Communist youth organization, is the source of the most reliable recruits.

22. Communist China in arrears on payments due to East Germany:  
The East German Cabinet approved an appropriation on 22 May of nearly 39 million marks (approximately ten million dollars, at the official rate of exchange) to the DIA (German Import-Export Corporation)

25X1 [redacted]  
25X1 [redacted] This appropriation was required because of "failure of expectations of the China trade." [redacted]

Comment: This appropriation to the Import-Export Corporation supports recent reports that the Chinese are in arrears on their payments to East German exporters. The unpaid balance due from China, as well as the disappointing quality of imports from China, has prolonged the negotiations for a new Sino-East German agreement covering 1952 trade. Although the USSR is said to be bringing pressure on the East Germans to sign such a pact and negotiations have been underway for several months, no agreement has been announced.

23. Adenauer optimistic on early West German ratification of treaties: Chancellor Adenauer believes that the growing support of his coalition partners will ensure ratification of the EDC treaty and the contractual agreement before the summer recess of Parliament. The recess, however, will have to be postponed until August.

25X1 [redacted] the Constitutional Court issue will first have to be settled and the government's position in the Senate strengthened. Furthermore, US Senate approval of the agreement is an "indispensable prerequisite" for early ratification. [redacted]

Comment: West German ratification might be delayed by such possible developments as Allied-Russian unity discussions, the eruption of the Saar issue, or attempts by coalition groups to indulge in last-minute log-rolling.

24. MIG-15-type aircraft overfly West Germany: Two MIG-15-type aircraft on 4 June overflew West German territory in the Maierhof vicinity of the German-Czechoslovak border area. The

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25X1 planes headed in an easterly direction, turned north at Maierhof, approximately 60 miles northeast of Munich and 50 miles inside Germany, circled over Weiden, 15 miles from the border, at 1000 feet, turned west and disappeared into Czechoslovakia. The aircraft markings were described as a "half-filled red circle."

25X1 Comment: Although the overflight may represent an intentional border violation, it is more probable that the aircraft became lost while on a training mission and, after orientation at Weiden, returned to Czechoslovakia. A Czech airfield, approximately 80 miles east of Maierhof, is known to be capable of handling high-performance aircraft.

26. Czech delegates withdraw visa applications for Paris peace meeting: The Czech Foreign Office has withdrawn its application

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for 15 French visas for delegates to the "International Conference on the Peaceful Solution of the German Problem" scheduled to be held from 13 to 15 June in Paris, according to information received from the French Embassy in Prague. [redacted]

Comment: This report coincides with an announcement from Prague that a plenary session of the World Peace Council will be held in Berlin from 1 to 5 July. The Paris meeting may have been cancelled or merged with the Berlin session because the recent demonstrations culminating in the arrest of Duclos have created an atmosphere that is not conducive to Communist meetings in Paris.

The Council agenda for the Berlin meeting calls for discussion on the peaceful solution of the German and Japanese problems; the immediate cessation of the war in Korea; and the armaments race and the fight for peace. This agenda suggests that further pressure will be exerted against the ratification of the German agreements.

27. Dutch strongly oppose appointment of Juin as SACEUR: The Secretary General of the Dutch Foreign Office told American Embassy officials in The Hague that it would be "the last straw" if France should obtain the title of SACEUR for Marshal Juin, even though General Ridgway retained over-all command.

He said that the Netherlands is "most anxious" to avoid the closer military association with the other countries on the Continent, as opposed to the NATO powers, which the Dutch feel would be the effect of Juin's designation. Furthermore, such a development would place the Netherlands within the historic struggle for power between Germany and France and at the same time weaken its link with the United States and Great Britain.

The Secretary General added that the appointment of Juin as SACEUR would certainly weaken his government's support of the European Defense Community treaty when it comes up for ratification in the Dutch Parliament. [redacted]

Comment: Distrust of French leadership on the Continent was one of the important reasons for Dutch reluctance to send an official delegate to the Defense Community discussions until last fall. This same fear was also the basis for the Netherlands' insistence on obtaining a British defense guarantee to the Community.

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LATIN AMERICA

29. Argentina has reportedly prepared a crystal coffin for Senora de Peron: A crystal coffin has been prepared for Senora de Peron, in accordance with a plan to emulate the USSR and display her in the same manner that Lenin is displayed, according to US Embassy sources in Santiago, Chile. The plan is based on the opinion that Peron is losing political strength and that if Evita, after death, can be raised to the emotional plane of a national saint, a revolution may be temporarily avoided.

Many believe that the majority of the alleged plots against Peron are Peronista-planned for the purpose of permitting a display of his invincibility.

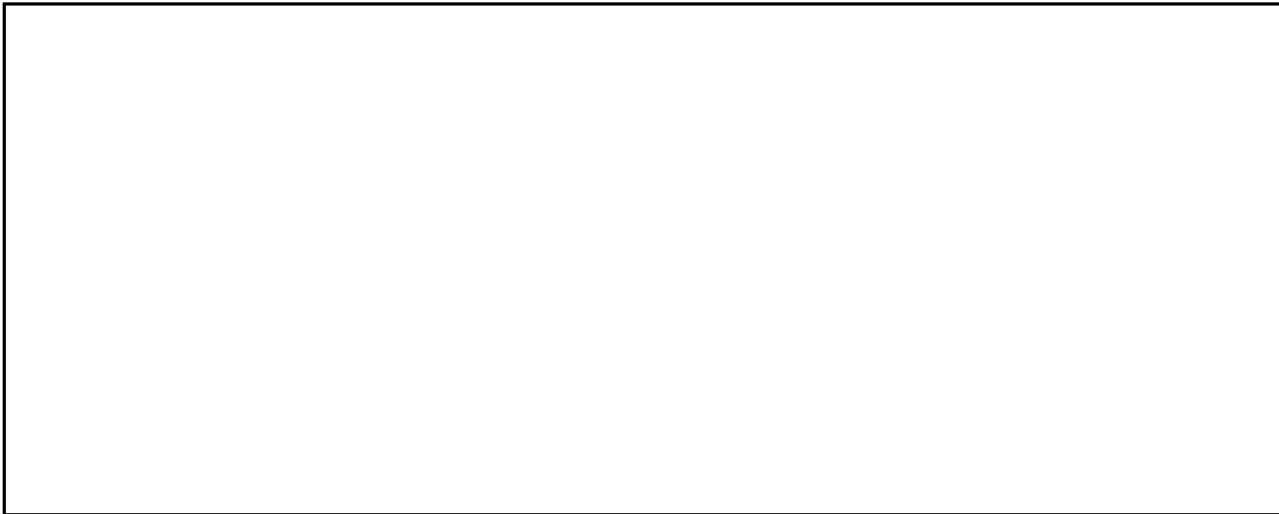
Comment: It is quite possible that Peron has widely publicized fictitious plots in order to strengthen security measures against the numerous small groups reported to be plotting independently against him. Consequently, a strong attempt to oust the government could result in considerable chaos and bloodshed. Senora de Peron's physical condition is now extremely critical.

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31. Bolivian president's views on nationalization reported:  
President Paz Estenssoro favors the theory of nationalization of mines, but realizes that local technicians are not qualified to operate them efficiently. In contrast, Vice President Siles and Minister of Mines Lechin favor outright nationalization.

Paz recognizes that Lechin is troublesome and therefore is deciding the best way to deal with him in the near future. Despite the resentment of certain army officers, Paz believes that he must rebuild the army as a force against the armed miners who are loyal to Lechin and whom he considers to be a menace to the government.

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Comment: A government monopoly on all mineral exports was decreed on 3 June. The official Banco Minero will be the sole exporter of minerals, and producers will be paid only in bolivianos. In the meantime a commission has been named to study nationalization of the "big three" tin mines and to report its findings within 120 days.

Juan Lechin has accused Paz of temporizing on the issue of nationalization and has threatened to lead a revolt against Paz if the latter does not act shortly. The new export monopoly may be in response to these threats.

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9 June 1952

CIA No. 49682

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**TOP SECRET SUPPLEMENT**

**TO THE CURRENT INTELLIGENCE DIGEST**

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

**Office of Current Intelligence**

**CENTRAL INTELLIGENCE AGENCY**

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FAR EAST

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NEAR EAST - AFRICA

2. Little progress being made in Sudanese-Egyptian talks: Little progress is being made in the current talks in Alexandria between a Sudanese delegation and Egyptian officials. The Egyptian Prime Minister has emphasized that recognition of Farouk's title as King of the Sudan would be subject to Sudanese self-determination. The Sudanese have stated that they do not like either the Egyptian constitution for the Sudan or the one recently introduced into the Legislative Assembly by the British Governor General.

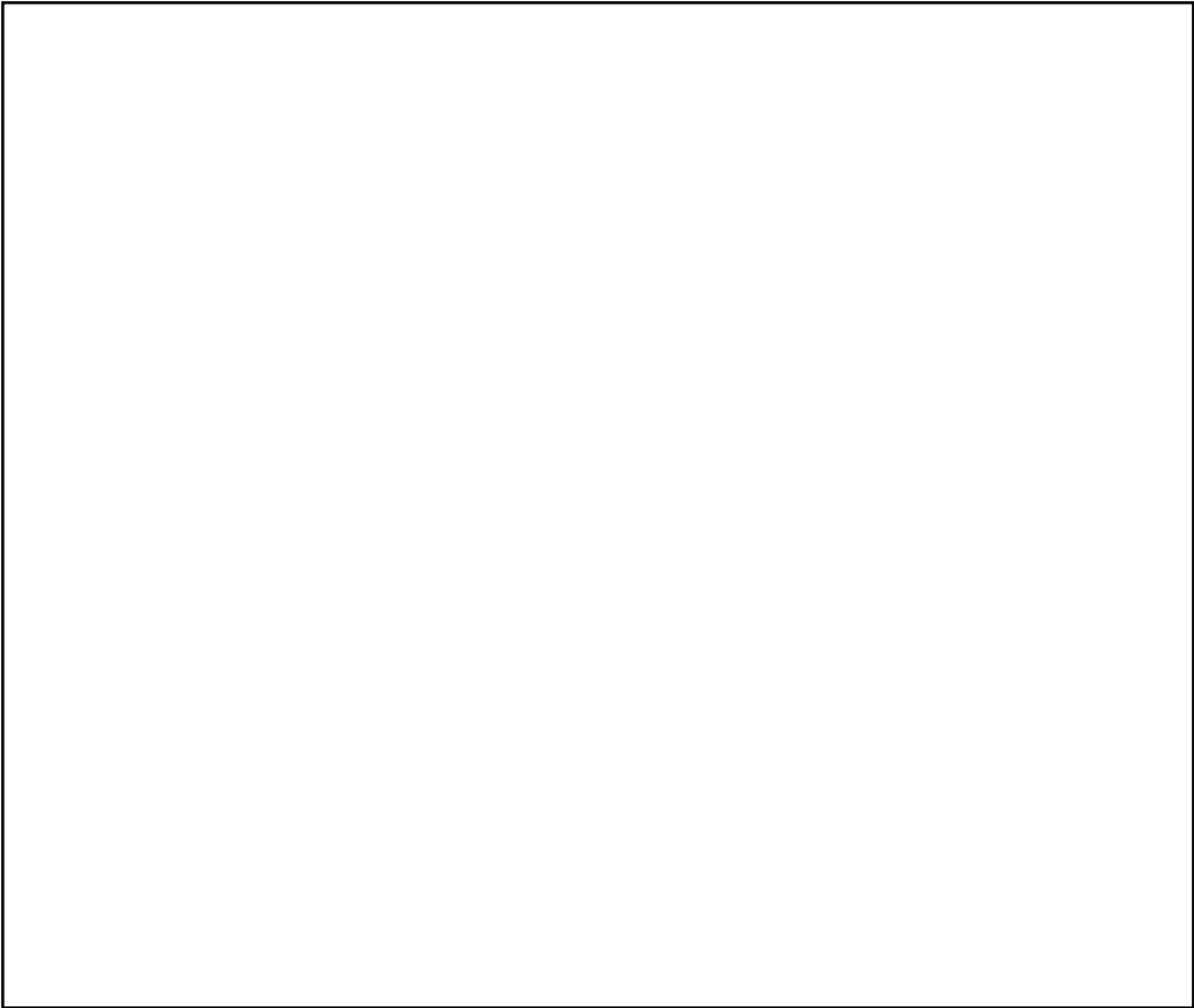
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Comment: The major concession that the Sudanese could gain from Britain would be the setting of a definite and early date for full independence.



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