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11 July 1952

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CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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SOVIET UNION

1. Awards given to MGB troops in Ukraine: The American Embassy in Moscow reports that over 627 awards for long and irreproachable service were given out to the MGB security forces in the Ukraine in June. This is the highest total published this year by any republic. [REDACTED]

25X1A

Comment: During 1951 and part of 1952, several thousand MGB troops were reported to have conducted intensive operations against the resistance groups in the western areas of the Ukraine, which have been a source of trouble to the Kremlin since the end of World War II. It is possible that these awards, together with previous awards given in April and May of this year to members of the security troops in this area, are the result of these anti-resistance operations.

2. Soviet Union reports increase in higher institute graduates: Pravda reports that 220,000 students graduated from higher educational establishments in the USSR in 1952. (R FBIS Moscow, 8 July 52)

Comment: There were 70,000 graduates from higher educational institutes in the USSR in 1945. The total figure rose during 1950 and 1951 to between 148,000 and 195,000. Only 10 percent of these graduates were from universities offering a general curriculum. The remaining 90 percent attended technical schools, such as engineering, medical, coal-mining, journalism, and agronomy.

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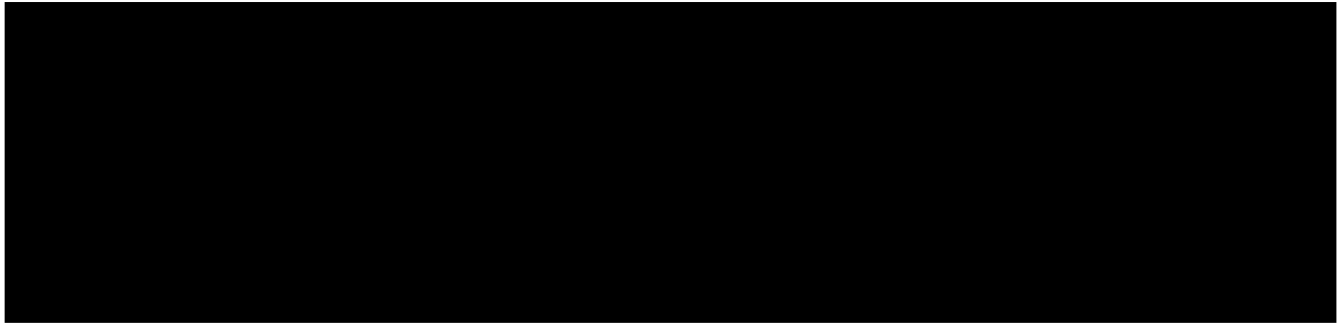
EASTERN EUROPE

3. [REDACTED]

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Comment: Czechoslovakia has been emphatic in its approval of the Soviet proposals for the unification of Germany. Only recently has the Czech press made any reference to the need for East Germany to rearm in its own defense if Germany remains divided.

The Soviet Government may well wish to maintain tension in Germany to provide an excuse for the retention of Soviet forces in the country and the build-up of a German satellite army while at the same time blaming the Western powers for preventing a peaceful solution.

4. Hungarian Minister of Mining and Power absent from miners' trade union meeting: Sandor Czottner, Hungarian Minister of Mining and Power, did not attend the meeting of the miners' trade union that opened in Budapest 5 July. His place was taken by Chief Deputy Minister Istvan Havran.

Foreign Minister Karoly Kiss, representing the Politburo, spoke of the "dire need for experienced union functionaries," while union leader Bela Blaha blamed the union for improper use of Socialist competitive methods. 

25X1A

Comment: Severe criticism has been directed at Hungarian coal mining during the last two months. However, it is too early to say whether the Minister of Mining has been purged for the failure of the industry to meet its targets.

In its editorial comment on the miners' convention on 5 July, the party newspaper called upon the union to use Soviet competitive methods and to overfulfill its plan targets. The editorial also made the significant statement that clerical reaction "and especially Social Democracy" were to blame for poor work discipline in the Hungarian mines.

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Yugoslav military leaders anxious to coordinate defense plans with Greece and Turkey: [REDACTED]

[REDACTED] Yugoslav military leaders strongly favor the conclusion of a verbal mutual defense pact with Greece and Turkey followed by staff talks detailing coordination of defense plans. While the Yugoslav General Staff believes that written pacts are unnecessary, it will sign a military agreement if Greece and Turkey insist. At the present time, however, political considerations prevent the opening of such talks.

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American military observers comment that while continued Yugoslav hesitation to discuss military matters with Greece and Turkey is difficult to understand, it follows the pattern of past Yugoslav performances. [REDACTED]

Comment: Last week, the Turkish Foreign Minister stated that Yugoslavia is now ready to engage in military talks if Turkey promises to participate in the positive defense of Thrace.

On 7 July, Marshal Tito told a Greek parliamentary delegation in Belgrade that although Yugoslavia rejects formal pacts, Greece and Yugoslavia must be ready to undertake a joint defense of their independence.

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FAR EAST

6. Final Sino-Soviet decision on Panmunjom talks reportedly scheduled before 20 July: Soviet and Chinese diplomats currently attending a conference at Peiping will reach a "final decision" on the cease-fire talks no later than 20 July. [REDACTED] 25X1X

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[REDACTED] no North Korean military or diplomatic representatives were attending the meeting. [REDACTED]

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Comment: There have been recent reports of an increasing Chinese Communist role in major decisions concerning North Korea, hitherto exclusively a Soviet puppet. It is possible that truce talk policy is now decided jointly by the Chinese and the Russians without North Korean consultation.

There have been no other reports of the conference or the 20 July deadline.

7. High Soviet and Chinese officials arrive at Panmunjom for truce talks: In early July a high-ranking Soviet Foreign Ministry official and a Chinese counterpart arrived at Kaesong with a staff of eight, [REDACTED]

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These newly arrived Communist officials reportedly are empowered to "accept or reject" UN truce conference proposals on the spot, thus eliminating the need for consultation with Moscow and Peiping. They have final instructions as to the Communist position on the remaining issue at the truce talks. [REDACTED]

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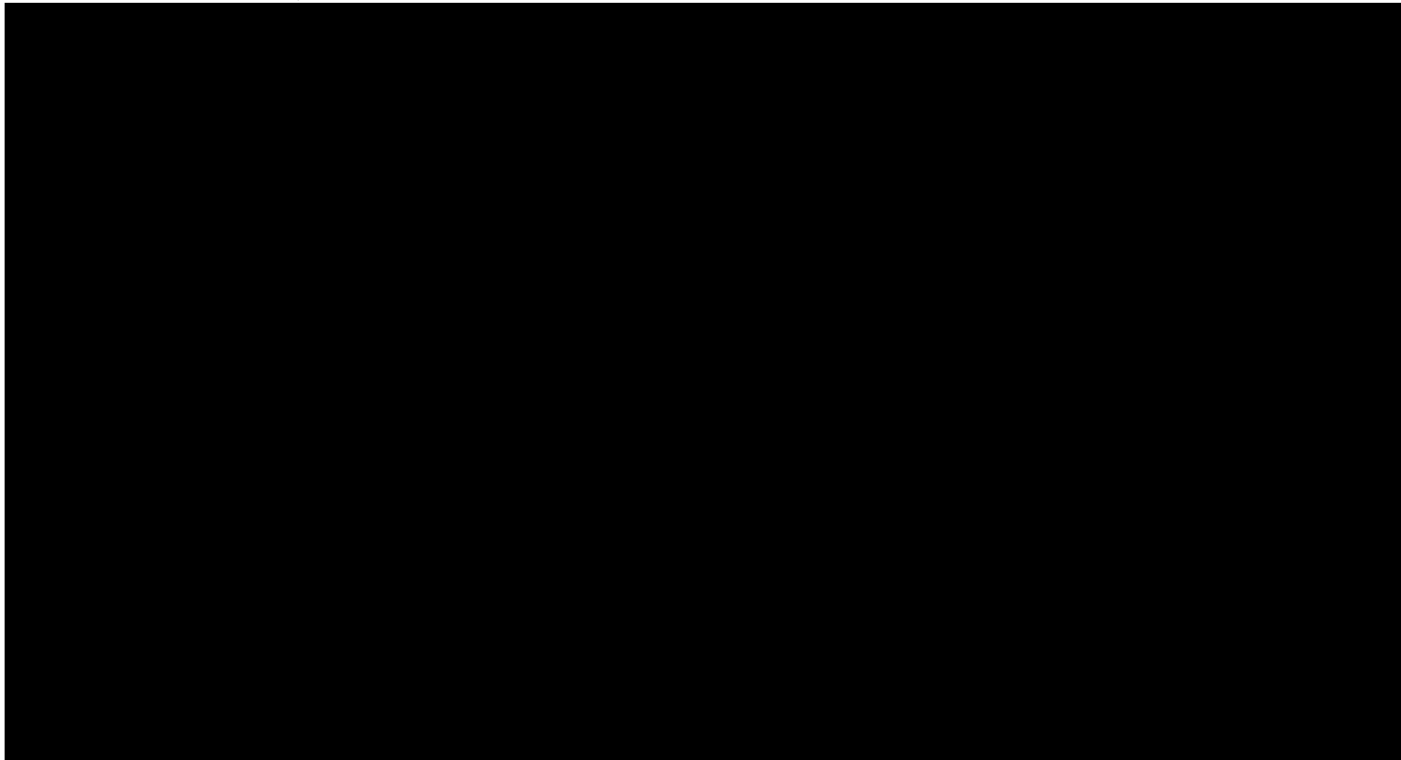
Comment: Communist negotiators at Panmunjom are believed to have consulted Moscow and Peiping on all major decisions in the past. It is possible that the USSR and Communist China have agreed on their minimum position on the one remaining issue.

There is no apparent advantage however in dispatching "diplomatic experts" to Kaesong. Their presence has not been confirmed and to date the enemy has not demonstrated any urgency in concluding negotiations.

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NEAR EAST - AFRICA

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9. Iranians optimistic over output of new oil well: [redacted]

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[redacted] the oil field at Qum, 90 miles south of Tehran, appears to be comparable to the rich fields in southern Iran. [redacted] the well brought in at Qum on 2 July is capable of a daily production of 1,000 barrels. [redacted] had refused the equipment offered it by the National Iranian Oil Company in order to prevent any legal entanglement in the Anglo-Iranian dispute. [redacted]

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Comment: These statements appear premature. Even if the equipment for completing and testing the well were available, the process of determining its capacity should take about a month. Additional test wells will have to be brought in before the extent of the new field can be determined.

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10. Greece may bring Cyprus issue before the UN: Greek UN Delegate Kyrrou informed the American delegation on 9 July that public opinion was forcing his government to bring the Cyprus issue before the United Nations.

The American Ambassador in Athens reported on 8 July that Acting Prime Minister Venizelos has been pressing him for official American reaction to such a move. The Ambassador fears that the Greek Government will not be able to resist raising the matter. [REDACTED]

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25X1A

Comment: Successful demonstrations in behalf of the union of Cyprus with Greece were held in Athens on 4 July.

Although there is no indication that the current campaign will be more successful than its predecessors, the possibility that Cyprus may be a Western defense headquarters increases the importance of the issue. Widespread Greek support for union may tempt the government to promote it in order to remain in power.

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WESTERN EUROPE

11. Recruiting for East German paramilitary forces lags: Reliable reports indicate that May recruiting quotas for the East German Alert and Border Police were missed by 80 percent in Saxony and 50 percent in Thuringia. In Saxony, only 700 men had been recruited by mid-June to fill the month's quota of 8,000 men.

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[REDACTED] Alert Police recruiting teams have now changed their tactics to bring pressure through personal interviews. Former security restrictions, such as the rule against recruiting individuals who were prisoners of war of Western powers, have reportedly been relaxed.

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[REDACTED]

Comment: Despite the pressure placed on some groups to serve in the Alert Police, regular conscription will probably be necessary to obtain any significant expansion of the paramilitary forces.

12. Communist propaganda exploits West Berlin security counter-measures: The East Berlin press has been front-paging the announcement of the West Berlin government that it intends to erect barriers between the western sectors of the city and the Soviet zone. The Communists describe the security countermeasures as "self-encirclement."

American observers believe that any West Berlin action taken to prevent further kidnappings will be used by the Communists to support their case for gradually sealing off the western sectors of the city. Thus far the East Berlin press has not mentioned the recent kidnapping incident.

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[REDACTED]

Comment: The West Berlin Senate, incensed by the kidnapping of Dr. Walter Linse on 8 July, immediately adopted measures to prevent other such incidents. In addition, Allied officials have formally charged Soviet authorities with collusion in the crime.

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Members of Linse's organization, the Committee of Free Jurists, state that he did not have any highly "susceptible information," but had been doing interpretive rather than investigative work.

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13. Major powers attacked by other NATO countries on consultation procedures: Dutch permanent NATO representative Starckenborgh recently "scorched" the United States, France and Britain for not discussing in the North Atlantic Council their draft reply to the Soviet note which they showed to the other NATO members only 24 hours before delivery. Stressing that matters concerning Germany were of direct interest to all NATO countries, he remarked that opposition to NATO in his country, at least, came from the belief that it was compelled to support policies in whose formulation its voice was not heard.

Starckenborgh's statement was quickly and forcefully endorsed by the representatives of Italy, Belgium, Norway, Greece, Denmark, Turkey, Portugal and Canada. As examples of instances where consultation on matters of concern to NATO countries was being carried on elsewhere, Starckenborgh cited, among others, the SACLANT appointment and command problems in the Mediterranean and the Near East. [REDACTED]

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Comment: This is the strongest and most concerted protest yet voiced by the smaller NATO countries against what they consider big-power domination.

14. Gaullist split does not strengthen Pinay's hand: The formal split in the Gaullist party does not mean any added support for Pinay's government, according to the US Embassy in Paris. The Embassy points out that the new faction is composed of the conservative-minded Gaullist deputies who have backed Pinay since his investiture, and warns that the dissidents have specifically announced their disapproval of the government's foreign policy.

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There is evidence that additional dissension may split the Gaullist ranks further in the fall, but the extent of the rift will depend on what Pinay's program has accomplished. [REDACTED]

Comment: Pinay is now assured of undisturbed tenure during the summer recess which begins on 12 July. The left wing of the Popular Republicans is becoming increasingly restive, however, and when the Assembly reconvenes in the fall, Pinay may be forced to make concessions on foreign policy in order to obtain support on the right to compensate for losses on the left.

15. Soviet offer on Danube shipping held best Austrians can obtain: American Embassy officials in Vienna believe that Soviet

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terms with respect to the resumption of Austrian cargo and passenger traffic on the Danube within the Soviet-occupied sector are probably the best obtainable.

Austrian vessels under Austrian colors and with Austrian crews operating within the Soviet zone will be allowed to land anywhere except at designated places involving Soviet security considerations. They will, however, be subjected to such Soviet checking as applies to Austrian interzonal rail traffic, and will be required to operate under interzonal permits valid for only three months at a time. The Austrians will be obliged to submit navigational information requested by the Soviet authorities, and to service agreed-upon Soviet landing points. The Austrian ships will not be allowed to transport goods and troops of the other occupation powers.

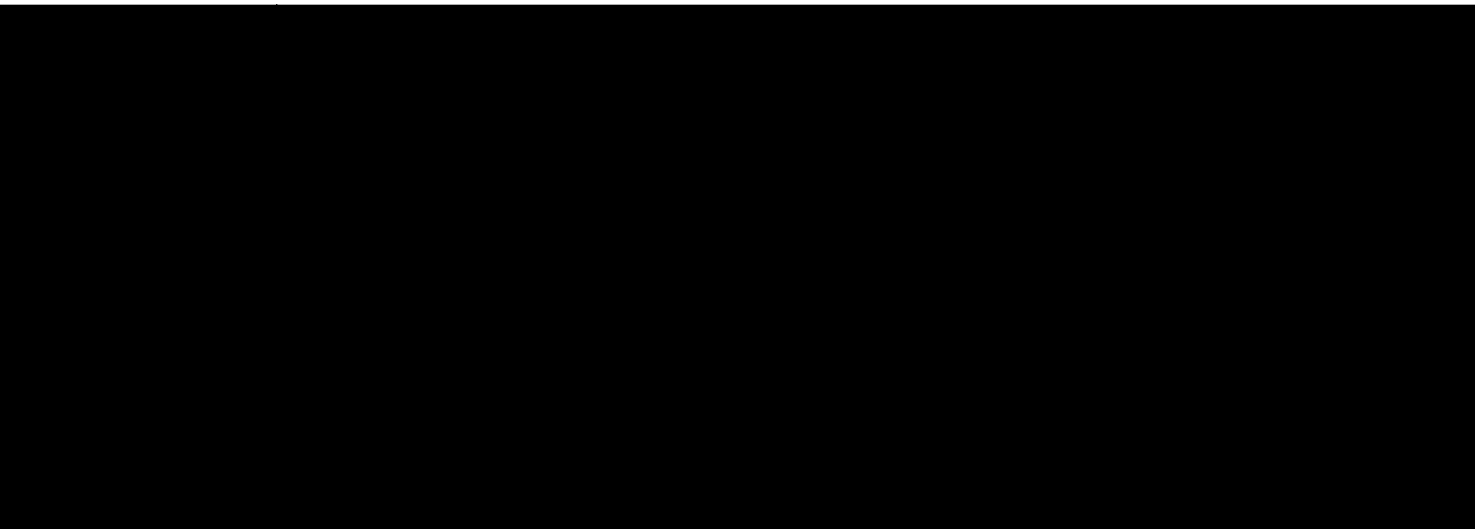
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The Soviet Military Command reserves authority to modify any of the new regulations if they are violated. 

Comment: While Soviet motives remain obscure, this ostensibly conciliatory gesture coincides with increased Austrian dissatisfaction over Soviet stalling on the Austrian treaty. Furthermore, the availability to the USSR of Austrian ships previously confined to US-controlled areas of the Danube will open up an important transportation outlet to Soviet interests in eastern Austria.

Through the revocation of permits, threat of vessel seizure, or charges of violations of regulations, the Soviet authorities are in position to terminate shipping at any time.



SECRET

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11 July 52

SECRET

17. Italian Government to take firmer anti-Communist stand: The Italian Government's recent expulsion of certain foreign Communist journalists and the prosecution of some local Communists mark the beginning of a stronger anti-Communist policy, the American Embassy in Rome reports. The government intends to push through Parliament various anti-Communist measures, which include revision of the penal code, some restrictions on the press, closer control of trade union activities, and a new civil defense bill. The Embassy doubts whether this legislation, which will face much parliamentary opposition, can be put through in time to have "great effect" before the 1953 elections.

Despite pressure from some Christian Democrats, the government reportedly will not interfere seriously at this time with strictly domestic activities of the Communist Party. However, it is expected to exercise stricter control over international contacts of the Italian Communists and over the activities of Orbit representatives in Italy. [REDACTED]

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Comment: Unless accompanied by a far-reaching program of economic and social reform, the government's proposed legislation is not likely to reduce significantly the widespread appeal of the Communist Party, which now has the support of approximately one-third of the electorate.

18. Swiss unmoved by US protests over possible recognition of East Germany: Despite a formal American protest, the Swiss have indicated they may grant the East German Government de facto recognition. Swiss Under Secretary of State Zehnder has pointed out that there is little hope for the unification of Germany and that his government could not refuse such recognition if the East Germans were to make satisfactory arrangements concerning the 4,000 Swiss citizens living in East Germany as well as the Swiss investments, valued at 200 million francs, in that country.

British officials have been discussing this problem with the Swiss since April. The Swiss have consistently maintained the same position. [REDACTED]

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Comment: Switzerland will probably grant the East German Government de facto recognition, through the exchange of trade missions, if satisfactory arrangements are made on Swiss interests in East Germany. American officials in Berlin believe that even such recognition will be trumpeted by the East Germans as a major diplomatic triumph.

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LATIN AMERICA

19. Bomb damages US Information Service Library in Argentina:
A bomb was exploded at the door of the US Information Service in Buenos Aires at midnight on 8 July. No US Embassy personnel were injured, but the ground floor of the Lincoln Library was reduced to shambles. [REDACTED]

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Comment: Destruction of the heavily-patronized Lincoln Library would cut off a valuable source of information about the United States. The Peron government has gradually reduced the available amount of current information about the United States by banning many US news periodicals from the country and by establishing control over the importation of books.

Responsibility for the bombing has not been established. Despite the serious damage, the Lincoln Library was reopened to the public on 10 July.

20. Brazilian Senate approves law allowing unions to affiliate with ICFTU: The Brazilian Senate on 7 July approved legislation allowing Brazilian labor unions to affiliate with the International Confederation of Free Trade Unions. Ministry of Labor officials expected President Vargas to sign the bill this week. [REDACTED]

25X1A

Comment: The bill was sponsored by the Vargas administration which has recently given other indications of a disposition to free the Brazilian labor movement from traditional government dominance.

21. President and Foreign Minister of Panama suggest new Canal Zone treaty: Speaking before a group of Americans on 3 July, Panamanian Foreign Minister Molino spoke of the "need" for a new Canal Zone treaty. He added, however, that Panama has no intention of changing the rights the US has at present. Later, President Arosemena, in an equally friendly way, repeated the suggestion. Ambassador Wiley, after talking with Molino, believes that no definite proposals were in mind. Molino told him that in a new treaty the US could be assured of bases "wherever and whenever needed."

The newspaper controlled by President-elect Remon immediately took up the issue and editorialized on the need for a new treaty. [REDACTED]

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Comment: The position taken by Remon's newspaper and the fact that he will be inaugurated in less than three months suggest that Remon may be indirectly testing reaction to a treaty revision.

Likely to figure prominently in any discussions on the revision of the 1936 treaty is strong local feeling that commercial competition from the Zone has contributed to Panama's present economic crisis. Resentment also exists over the unequal pay received by Panamanian and US employees in the Zone.

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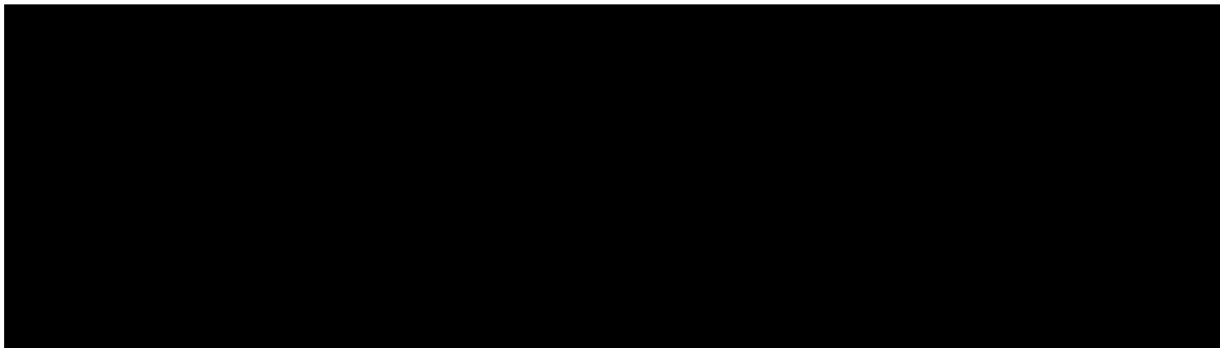
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GENERAL

1.



Comment: Czechoslovakia has so far been unsuccessful in reaching an agreement with NIOC on the terms of an oil contract. The basic difficulty is the lack of transportation facilities, and there is no indication that this problem has been overcome. Even if a contract is signed, it probably will not be implemented in the near future, and therefore, the Battle Act will not apply. Signature of any oil contract, however, is of propaganda benefit to the Iranians in their effort to force the Anglo-Iranian Oil Company to permit the sale of Iranian oil.

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11 July 52

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