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21 April 1951

[Redacted]

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Copy No. *CI-9*

CURRENT INTELLIGENCE BULLETIN

4
DOCUMENT NO. _____
NO CHANGE IN CLASS. *X*
[] DECLASSIFIED
CLASS. CHANGED TO: TS S C *2009*
NEXT REVIEW DATE: _____
AUTH: HR 70-2
DATE *12-15-75* REVIEWER: [Redacted]

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[Redacted]

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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USSR

1. Pravda comments on MacArthur dismissal:

The US Embassy in Moscow comments that the 18 April Pravda editorial on the MacArthur dismissal (1) reiterates the Soviet position on the Korean war; (2) was needed to explain the removal of an important "symbol of US aggressive policy" to the Communist world; (3) and is noteworthy in asking what steps the US intends to take for peaceful settlement of the conflict. 3.3(h)(2)

Comment: The Pravda editorial, which was given prominent treatment, adds no new twists to the established line, which has consistently supported the Chinese terms of settlement. The week's delay in Pravda's comment was probably due to a desire to be sure that the dismissal represented no basic change in US policies. The question of US intentions on peaceful settlement is rhetorical in context and therefore is not intended to suggest an interest on the part of the USSR in such a settlement.

FAR EAST

2. Jets reported in North Korean Air Force:

An Air Force operational summary, reporting clashes on the Sino-Korean border between UN and Communist aircraft on 16 April, states that two of the MIG's engaged in the air battle had North Korean markings "consisting of a red star encircled by a red band, and a blue band as the exterior circle." 3.3(h)(2)

Comment: This is the first report received in CIA that MIG's with North Korean markings have been observed.

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3. Popular dissatisfaction in China increasing:

CHINA
3.3(h)(2)



Persons coming from Communist China report that popular dissatisfaction with the Peiping regime has grown in recent months as a result of heavy casualties in Korea, excessive taxation, police-state oppression in general and the current purges in particular. However, there is no indication of an imminent split in the regime, nor has there arisen any active resistance to it by the Chinese masses; anti-Communist guerrilla activities appear to be uncoordinated and incapable of posing a serious threat to the regime's stability.

In regard to foreign relations, these sources state that Peiping's anti-US campaign has been ineffective, that the regime is becoming increasingly hostile to the UK, and that, while Sino-Soviet relations on the working level lack cordiality, the Sino-Soviet alliance appears secure.

Comment: This account is in general supported by conclusions which the US Consul General in Hong Kong has drawn from recent interviews with many refugees from Communist China, and by information from other sources.

NEAR EAST

4. British may misjudge conservative Iranian attitude on oil:

IRAN
3.3(h)(2)



US Ambassador Grady, in reviewing Anglo-Iranian Oil Company "past differences" with the US Embassy in Tehran, stated on 18 April that "those differences were only with regard to the policies of the company which have led them close to disaster." Grady reports that the most conservative Iranian leaders hold a far more extreme attitude toward nationalization than the AIOC and the British Foreign Office realize.

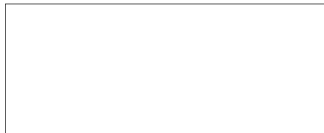
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Comment: The AIOC has long exercised considerable influence in Iran while it carried out its own policies, which have at times been somewhat high-handed. In the present crisis the company appears to think that time is on its side and that financial pressure will eventually force the Iranian Government to accept the company's terms. The company has, however, on the whole been liberal in its policies toward Iranian workers and has treated them fairly when judged by labor conditions as they exist in Iran. It is obvious that any concession at this time short of acceptance of the principle of nationalization will not solve the present crisis.

5. Iranians propose nationalization of Iranian-Soviet fisheries:



Iranian Prime Minister Ala has informed US Ambassador Grady that Parliament plans to nationalize the Caspian fisheries on expiration of the Soviet concession in September 1952. ^{3.3(h)(2)}

Several deputies are now drawing up a bill on this subject and will introduce it shortly in Parliament.

Comment: The Caspian fisheries are owned jointly by the Iranian and Soviet Governments with each government holding 50% of the shares. The terms of the contract in theory permit the Iranian Government to dissolve the company if it does not wish to renew the contract; the company's assets would then be divided between the two governments. In practice the USSR has dominated the fisheries and has enjoyed most of their profits. There is a strong possibility of Soviet opposition to the nationalization measure, since Soviet security interests in the Caspian Sea are involved.

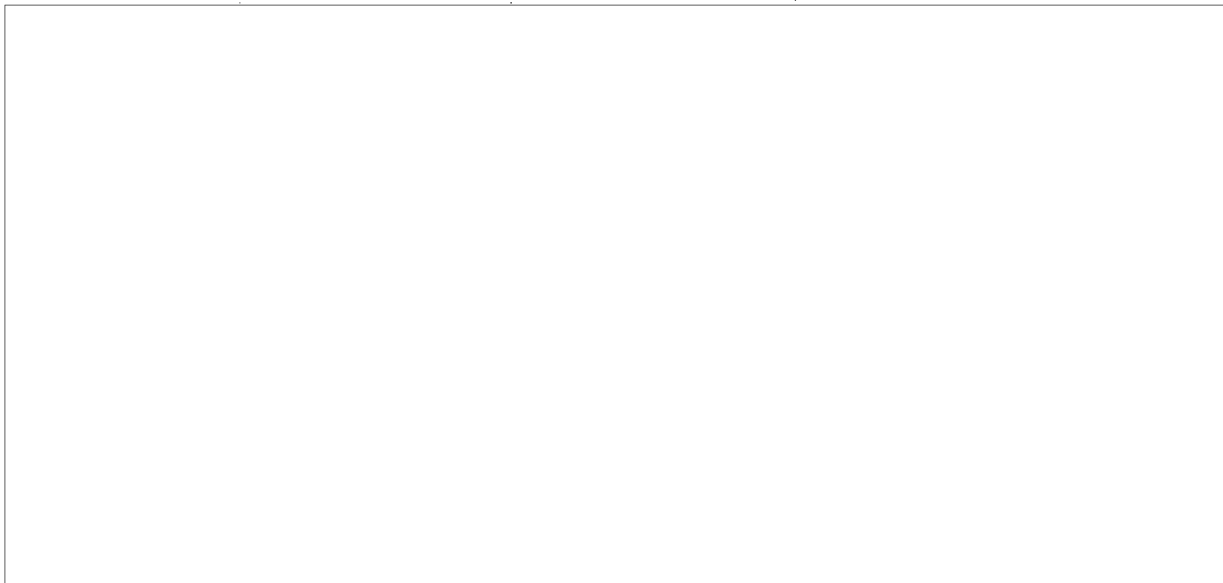
While the proposed bill to nationalize the company might be interpreted as an extension of the current fever in Iran for nationalization of foreign industry, it should not be compared with the move for nationalization of the Anglo-Iranian Oil Company, which is envisaged as taking place immediately rather than when the contract expires in 1953.

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6. Conditions in Afghanistan deteriorating:

3.3(h)(2)



Comment: Anti-Pakistan propaganda advocating the formation of an independent tribal state of Pushtoonistan on the western boundary of Pakistan has been used in the past to inflame Afghan opinion and to take the people's minds off the country's internal problems. If conditions actually are deteriorating within the country, there is little likelihood that Afghanistan will agree to drop its propaganda campaign preparatory to holding talks with Pakistan, as suggested by the US on 6 November 1950 in an attempt to settle the outstanding differences between the two countries. Preliminary talks held at Jalalabad in eastern Afghanistan in mid-April have already broken down because of disagreement on this issue. It appears unlikely, therefore, that more formal conversations will take place in the near future.

EASTERN EUROPE

7. Anti-Soviet riot follows killings in Poland:

3.3(h)(2)



[redacted] have informed the US Embassy in Warsaw of a riot in Stettin on 9 April following the killing on the street

3.3(h)(2)

of two Polish civilians by a Soviet officer. As a result, a crowd collected and stoned the Russian, who, after killing three more Poles, sought refuge in a nearby cellar. Polish militiamen present, pressed by the crowd to shoot the Russian, refused; the crowd, incensed, shouted that the militia could and did use arms against Poles but could not do so against a Russian murderer. In a show of force, the militiamen fired into the air; the people thereupon attacked the militiamen, killing at least three and wounding others. The demonstration was quelled by the Army, which surrounded the area and arrested some two thousand persons. The US Embassy observes that, because of the complete control exercised by the Polish authorities, no rumors of this incident are current in Warsaw.

Comment: Previous reports of unrest and labor difficulties in the Stettin area have been received. One report alleges that ethnic Germans in the area are causing difficulties; a second report states that a dock strike occurred in Stettin in February as a spontaneous demonstration against the shipment of goods to the USSR. [redacted]

3.3(h)(2)

elements of the population were to be deported from the Polish-USSR border and transported to the Stettin area; the presence of such disaffected elements undoubtedly contributes to difficulties in this area.

8. WFTU transfers its headquarters to Vienna:

3.3(h)(2)



The Communist-dominated World Federation of Trade Unions has decided to locate its headquarters in Vienna, following the French Government order dissolving the international headquarters in Paris. The federation's secretariat declares that Vienna was chosen because of its favorable location and the "cordial welcome which the Austrian workers are sure to give the federation." The Viennese Communist paper calls the development a "great distinction" and "moral aid" for Austrian workers who, it is sure, will do all possible to show themselves worthy of the high honor.

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Comment: The transfer of this Communist-front organization to Vienna may make additional difficulties for the Austrian Government, which is already under pressure from labor and from Soviet interference with the Austrian police, and which is threatened with strikes and Communist youth demonstrations.

LATIN AMERICA

9. Junta may take over Bolivian Government:

Back matter



A group of Bolivian army officers has reportedly formed a junta which plans to take over the government by 23 April.

3.3(h)(2)

Defense Secretary Ponce Lozada and Defense Sub-Secretary Ballivian are reported to be members of the junta, which is said to include five officers and five civilians.



3.3(h)(2)

Comment: Should it appear that the Nationalist Revolutionary Movement would poll more votes in the 6 May presidential elections than the government-sponsored candidate or that it would attempt a revolt prior to the elections, a military junta headed by Ballivian may well take over the government. The junta's purpose would be to restore order and call for and supervise another election. At the present time it seems unlikely that either the Nationalist Revolutionary Movement or the government party will receive the required absolute majority of votes. It would then be necessary for the winner to be selected by the Congress, in which case the government party, with its allied political groups, should be able to win.

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