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TUP SECRET

GENERAL

Tito considers danger of Soviet aggression lessening:

1.

In a recent conversation with an American UN 3.3(h)(2) delegate, Tito stated that he thought the danger of outright Soviet aggression was lessening in proportion to the rearmament and strengthening

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of the non-Cominform world. He believes that Stalin and other high Soviet authorities remain prisoners of their preconceived notions concerning capitalism and still expect to bring about the defeat of the West through the latter's economic collapse.

Comment: Yugoslav leaders had previously indicated that they consider the danger of Soviet attack greatest in the year 1952 since the USSR might not wait until the West reaches its peak of preparedness in 1954. Tito's statement is consistent, however, with his previous assertions that Western strength is a primary deterrent to Soviet aggression.





3. France reveals course in event of aggression in Indochina:

nist participation in the war in Indochina became

The French Government, in an aide memoire 3.3(h)(2)

presented to the US Embassy in Paris, stated that it would appeal to the UN if Chinese Commu-

unmistakable. France would ask for sanctions against Communist China and for participation of UN armed forces in the defense of Indochina. French recourse to the UN would not prejudice requests to the US and Britain for immediate aid.

In view of the possibility that Chinese intervention might be of such a character as to threaten gravely the French forces in Indochina but not sufficiently defined to warrant a UN decision, the French Government "keenly desires" an immediate conference of American, British and French Chiefs of Staff on the subject of Southeast Asia's defense.

Comment: Current evidence indicates that the Chinese Communists still are concentrating on the build-up of Viet Minh forces by providing material aid and technical advisers rather than by the commitment of Chinese Communist units. This policy is calculated to maintain the "indigenous" character of the Viet Minh army while at the same time increasing its strength.



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NEAR EAST - AFRICA

4. Egyptian King awaiting opportunity to appoint new government:

According to the new Chief of the Royal Cabinet, $^{3.3(h)(2)}$ King Farouk is taking precautions to avoid the appearance that any action he might take in causing a change of government in Egypt would be British-inspired.

The British Ambassador has warned his Foreign Office that a solution of the present problem is impossible without a minimum concession on the Sudan. He believes that this concession might be British recognition of King Farouk's new title within a framework providing for Sudanese self-determination.

Comment: King Farouk has shown increasing eagerness to bring about the fall of the present Wafd government. There is considerable doubt, however, whether even Western acceptance of Farouk's title of "King of Egypt and the Sudan" would sufficiently pacify aroused Egyptian public opinion to enable the dismissal of the majority party government without serious internal disturbances.

EASTERN EUROPE

5. Use of UN Peace Commission in Yugoslav-Hungarian border dispute suggested:

The Yugoslav-Hungarian border dispute over a $^{3.3(h)(2)}$ small island located in the Mura River provides a suitable occasion for the Yugoslavs to request an investigation by the newly created UN Balkan

subcommission, in the opinion of Ambassador Allen. The Ambassador believes that a Yugoslav request for the services of the subcommission would be particularly appropriate at this time in view of the strong UN support recently given to Yugoslavia's resolution citing Cominform pressures.

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Although Hungarian occupation of the island on 20 December has created a potentially explosive border situation, the Yugoslav Government has given no indication of unilateral retaliatory action. On 27 December, however, Yugoslavia officially protested the occupation of the island and demanded the immediate withdrawal of Hungarian soldiers.

WESTERN EUROPE

6. France ready to press for European federation:

Premier Pleven has indicated to Ambassador ^{3.3(h)(2)} Bruce that he may soon call for a European "constitutional convention" inasmuch as a favorable reception by the states to be invited

now seems certain. He is hesitating chiefly from fear that the move might be viewed in France as a "tricky attempt to divert attention from the dangerous financial difficulties. "

Both General Eisenhower and Ambassador Bruce are anxious that the call be issued at once, particularly because of the "ever-present possibility" of a government crisis.

<u>Comment</u>: Although the Council of Europe was originally intended to be the nucleus of a true federation with some sovereign powers, the slow progress on the European Defense Forces plan is pushing France toward a different approach to European unity.

A recent communique of the Foreign Ministers of the European Defense Forces countries envisages a delay of as much as nine months before the convening of an "international conference" on European unity and leaves open the question whether progress can be made beyond a weak confederation.

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T⊎P SECRET

7. Communists exploit former German Chancellor in unity campaign:

Certain West German political leaders are 3.3(h)(2) concerned over Soviet and East German exploitation of Joseph Wirth, a former Centrist Chancellor of the Weimar Republic, in the current

unity campaign. Wirth, now in the Soviet sector of Berlin as a guest of the Communists, has reportedly already seen important Soviet and East German officials.

The former Chancellor, who is embittered against the present West German government for neglecting him politically, reportedly plans to send a letter to all members of the West German Parliament denouncing Adenauer as a separatist and traitor and attacking the Schuman Plan and the West German position on unification. Official concern is felt over the possible effect of such a letter, since Wirth's name is thought still to carry weight among older generation Germans and in neutralist circles.

Comment:

Wirth has not been politically influential in postwar Germany, and the effect of any letter he may send to parliamentary delegates may be undercut somewhat by recent press reports of his presence in Berlin as the guest of the Communists. Nevertheless this, as well as Pastor Niemoeller's current trip to Moscow, represents increased Soviet-East German pressure on vulnerable West German political elements.



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