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SECURITY INFORMATION

2 April 1952



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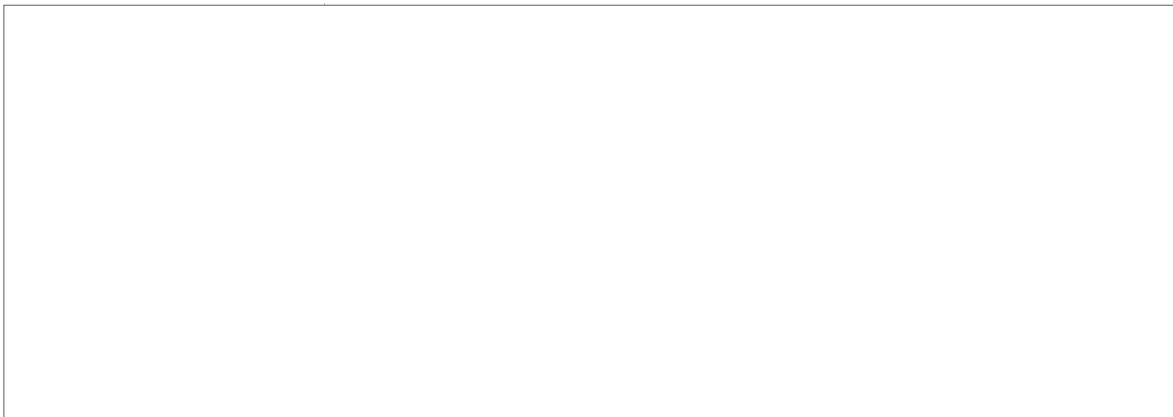
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CENTRAL INTELLIGENCE AGENCY



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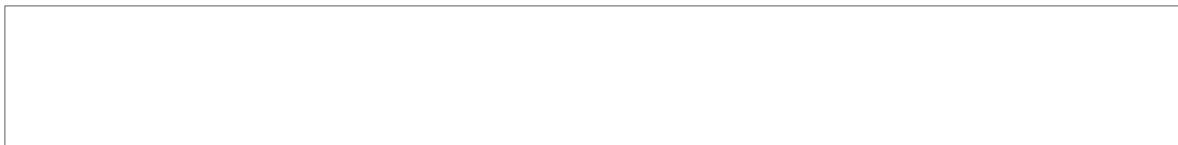
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GENERAL

1. French officials in Berlin analyze USSR's German peace treaty proposal:

[redacted] the 10 March Soviet proposal for a German peace treaty represented a serious attempt to reach an agreement and that failure to do so would cause the USSR to take extreme measures.

3.3(h)(2)

Among the measures reportedly being studied by the USSR "in case of rupture" are the blockade of Berlin, withdrawal from the United Nations and creation of a "counter-UN," establishment of an East German army, creation of an "eastern NATO," and revision of strategic troop dispositions. Such measures reportedly would be put into effect within a few months, the time limit being the American presidential elections.

Comment: There are no indications that the USSR is willing to reach a German settlement on anything but its own terms.

[redacted]

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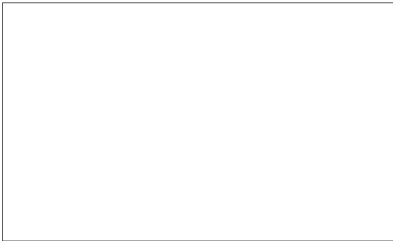
The creation of an "eastern NATO" has virtually been established through the Soviet policy of aiding in the military buildup of the Satellites. There is already the nucleus of an East German army which will probably be expanded, with or without a German peace treaty.

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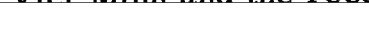
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FAR EAST

2. Viet Minh use 105-mm guns:

The advance headquarters of Viet Minh forces in the Hoabinh area reported to the Viet Minh general headquarters on 23 February that "our 105-mm and 75-mm artillery" shelled French units.

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Comment: The use of 75-mm artillery by the Viet Minh and the receipt from China of 105-mm guns have been confirmed  This is the first time that the use of 105's has been credibly reported by any source, including French Intelligence.

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3. Comment on new Indonesian Defense Minister:

The new Indonesian Cabinet, which was announced on 1 April, appears to differ from its predecessor primarily in the presence of the Sultan of Jogjakarta as Minister of Defense. The Sultan is a non-party strongman and one of the most popular political figures in Indonesia. He allegedly refused to serve in the last government because, while serving in previous ministerial posts, he was prohibited from adopting forceful measures to suppress widespread lawlessness -- the country's major internal problem. He presumably would not have accepted the Defense portfolio without promises of non-interference in a "get tough" policy aimed at restoring internal security.

SOUTH ASIA

4. Afghanistan plans to proceed with oil explorations near Soviet border:

The Afghan Minister of Mines on 20 March informed the French Ambassador in Kabul that his government was fully aware of political complications which might arise from the exploitation of oil deposits in northern Afghanistan close to the Soviet border. The government planned to avoid them for the moment by prospecting only in areas at least fifty kilometers from the frontier.

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The Minister remarked that, if oil resources were successfully exploited, the Afghan Government would establish a national development company with purely Afghan capital. Its primary function would be to supply the 30,000 to 40,000 tons of oil used in the country annually. If surplus oil were produced, it would be sold to any country desiring it, though much of it would have to be exported to the Soviet Union because of geographical considerations.

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NEAR EAST - AFRICA

5. Clarification of Western defense objectives in the Middle East urged:

The United States, Britain, France, and Turkey must clarify their objectives in the Middle East, according to the American Ambassador in Baghdad. He points out that Iraq may soon raise the question of Britain's future right to use two air bases in Iraq, and that it is therefore advisable for the West to have "some answers" available. He believes that the Iraqi situation depends upon future developments in Egypt.

3.3(h)(2)

The government in Baghdad favors an international plan in preference to a continuation of the Anglo-Iraqi treaty relationship to safeguard Iraq's security. The Ambassador believes that the Iraqis may even insist upon a plan devised by the Middle Eastern nations, such as the Arab Collective Security Pact.

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6. Nationalist-incited unrest reported to be increasing in Morocco:

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[Redacted]

[Redacted] unrest among the natives is rapidly increasing and that nationalists are spreading both anti-French and anti-American propaganda.

[Redacted]

Comment: Recent events in Tunisia have added to the irritation of the Moroccan natives, who are already uneasy over the friction between the Sultan and the Resident General. Younger elements of the nationalist parties are increasingly loath to accept the advice of their moderate leaders and are urging more active resistance.

This reported unrest increases the likelihood of disturbances in the French Protectorate such as occurred in the Tangier International Zone on 30 March.

7. Resignations to bring Greek Cabinet reshuffle:

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The recent resignations of the Greek Ministers of Press and Coordination, both leaders of the leftist EPEK Party, have raised to four the number of ministries now vacant, and an extensive cabinet reshuffle is in progress.

Meanwhile, Liberal spokesmen have again urged the American Embassy to persuade opposition leader Papagos to cooperate in a "government of national unity" for six months, after which elections would be held if the coalition failed.

Comment: These latest resignations, over the execution of four Communist leaders on 30 March, have considerably weakened the coalition government by lessening EPEK representation.

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Latest reports indicate that the Liberals will continue to hold the key post of Defense Minister, temporarily filled by Acting Prime Minister Venizelos, while EPEK will retain the Ministry of Coordination.

There is no indication that Papagos is any more willing at present to cooperate with the Liberal-EPEK coalition than he has been in the past.

EASTERN EUROPE

8. Yugoslav relations with Greece reportedly improved:

[Redacted]

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Comment: The improvement in relations may be more apparent than real. The US Charge in Belgrade suggested recently that the Yugoslavs may be attempting to create the impression that a rapport with Greece had been reached in order to arouse Italian concern over Albania and counterbalance Italy's diplomatic offensive in the Adriatic. The Macedonian issue, however, remains a serious point of difference between Yugoslavia and Greece.

WESTERN EUROPE

9. French non-Communist labor leaders adopt wait-and-see attitude toward Pinay:

[Redacted]

If French Premier Pinay can halt inflation and obtain the effective cooperation of management in his price and tax program, the national leadership of the Socialist-oriented Force

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Ouvriere will not actively oppose the new government. The leaders of this labor organization prefer a strong right-wing government to the unstable coalitions of recent years, provided labor's interests are not further restricted. They are apprehensive, however, that Pinay is under the influence of conservative elements formerly associated with Vichy, and charge that he has an aversion to current long-range economic plans.

Comment: The Socialist Party had hoped to rebuild a strong labor following based on the Force Ouvriere -- one of the two principal but relatively weak non-Communist labor organizations -- by actively opposing the Pinay government.

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