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10 October 1952

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Copy No. 51

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CURRENT INTELLIGENCE BULLETIN

[Redacted]

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DOCUMENT NO. 70
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2009
AUTH: HR 70-2
DATE: 18 Dec 79 REVIEWER [Redacted]

Office of Current Intelligence

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CENTRAL INTELLIGENCE AGENCY

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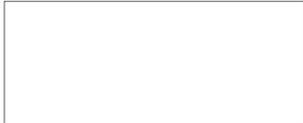
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SOVIET UNION

1. MIG-15's apparently being withdrawn from Austria and Hungary:



Recent reports on activity at Soviet airfields in Austria and Hungary suggest the withdrawal of significant jet fighter strength. Observations of Wiener Neustadt airfield near Vienna as recently as 3 October reveal the presence of only nine instead of the usual 70 MIG-15's.

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the crates previously observed at Wiener Neustadt were for the purpose of removing the MIG's stationed there to an unknown destination.

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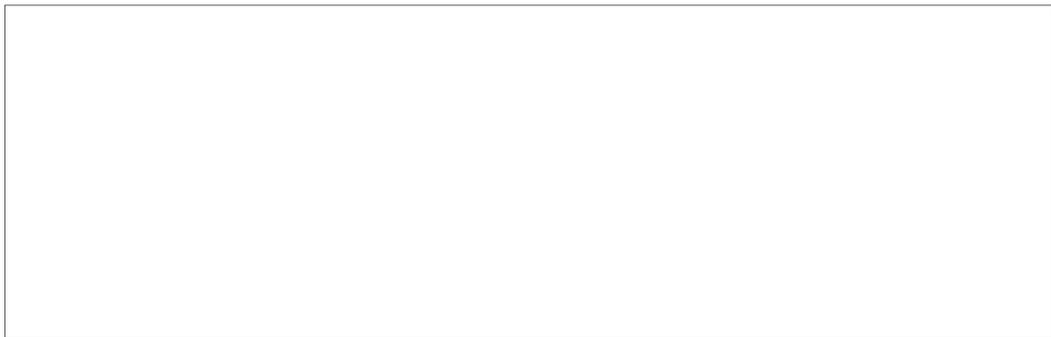
the MIG's usually based at Deutsch Wagram and Budapest/Tokol airfields were not there in late September and early October.

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Comment: The apparent shift of jet fighters from the 59th Air Army involving as many as 120 of its 190 MIG-15's is reminiscent of the eastward departure from Germany in early October 1951 of more than 200 jet fighters of the 24th Air Army with their well-trained pilots. These jets were partially replaced in succeeding months.

SOUTHEAST ASIA

2.



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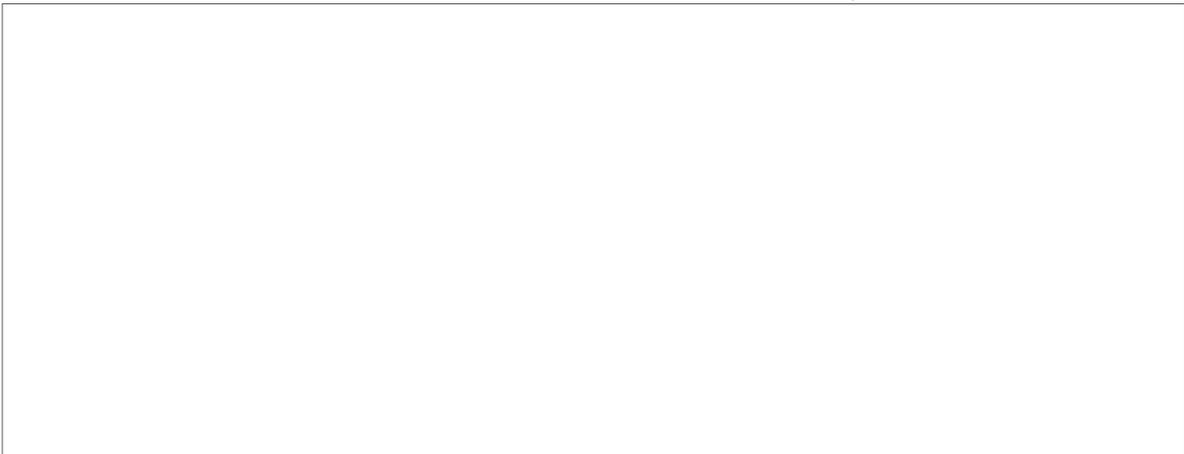
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3. Effective government in Indonesia unlikely in near future:



Indonesian Vice President Hatta has expressed to Ambassador Cochran his fear that, regardless of whether the Wilipo cabinet survives the present crisis, there will be no effective government before parliamentary elections are held. He said the people are clamoring for a dictator but that he had advised against this solution, pointing out that no one could predict how such a dictatorship "might end."

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Comment: National elections have been repeatedly postponed and none is now scheduled.

After the fall of the two preceding cabinets, in March 1951 and February 1952, consideration was given to the adoption of an autocratic form of government. President Sukarno and Vice President Hatta frequently have been mentioned as the leaders most likely to assume direct power but neither has such ambitions.

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SOUTH ASIA

4. Embassy foresees increased Soviet pressure on Afghanistan:

The American Embassy in Kabul believes that Soviet pressure on Afghanistan is threatening South Asian security and that the USSR intends to use restrictive economic measures to prevent the development of northern Afghanistan. The Embassy also feels that subversive action will be coordinated with economic restrictions for maximum effort. 3.3(h)(2)

Comment: There is no indication that Soviet interest in Afghanistan is now greater than before, or that the recent Moscow protest is the first step in a campaign to increase pressure on that country.

NEAR EAST - AFRICA

5. Mossadeq's supporters demand uncompromising stand on oil issue:

Mossadeq's supporters are forcing him to continue uncompromising on the oil issue, according to Ambassador Henderson. The left wing of the National Front recently declared publicly that Iran must no longer waste time in fruitless negotiations. Kashani and other extremist members of the National Front are becoming convinced that it is possible to run the country without oil revenues. 3.3(h)(2)

The Ambassador comments that it is increasingly clear that Mossadeq can counter opposition to a settlement only by obtaining a large amount of money immediately.

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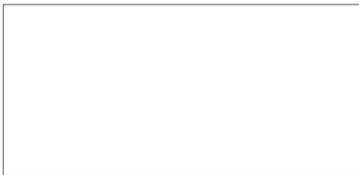
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6.



7. Egypt may join MEDO if British leave Canal zone:



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**Egypt may join MEDO as a quid pro quo
for British evacuation of the Canal Zone.**

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No progress is possible, the Ambassador believes, unless Great Britain announces its intention to leave the Canal base, actually begins to evacuate, and agrees to a final withdrawal of British troops, other than technicians, at the same time that Egypt joins MEDO.

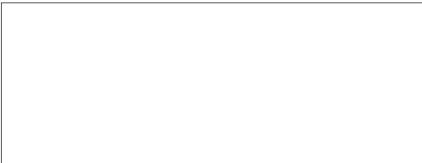


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because of pressure from extremist elements within the army the general must produce results by next February.

Comment: Previously Egyptian officers had indicated a willingness to make a secret agreement on MEDO in return for receiving American arms.

8. Britain considers supplying jets to Egypt:



Great Britain is expected within a few days to ask French and American approval for furnishing at least some of the jet aircraft contracted for by Egypt. The US

3.3(h)(2)

Embassy believes that the Foreign Office hopes to find some means of overcoming anticipated French objections before formally presenting this proposal to the three-power committee on arms for the Near East.

Comment: In late August Britain made available to Egypt trainers and spare parts, but has until now declined to fill these Egyptian orders on the pretext of a 1950 embargo on high-priority items to other than NATO and Commonwealth countries.

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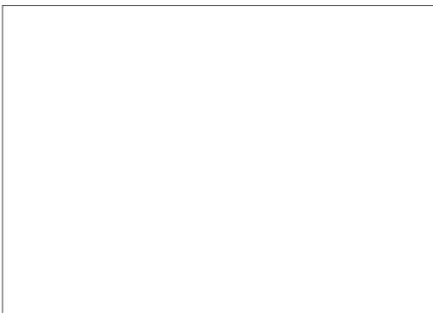
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In late September, however, the Churchill government, over French opposition, offered 14 jets each to Iraq, Syria, Lebanon, and Israel. The American Ambassador in Cairo states that the Egyptians are aware of this, and that the British Ambassador has advised his Foreign Office that serious consequences might follow unless Britain changed its position.

WESTERN EUROPE

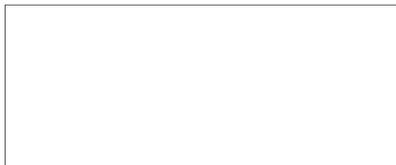
9. American plane outside Berlin corridor when fired upon:



American officials in Germany report that the United States Air Force ambulance plane fired on by one of the two harassing Soviet MIG-15's on 8 October was 10 to 25 miles outside the Berlin air corridor and having radio trouble at the time.

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10. French reject American advice on military budget:



In reporting the French Government's "heated" rejection of his oral statement on prospective American aid to France in fiscal year 1953, Ambassador Dunn expressed his belief that "most serious strains" are developing in French-American relations.

3.3(h)(2)

The French consider that the American statement threatens to infringe on their sovereignty. They object principally to the implied conditions of American aid, namely, that the French military budget for calendar year 1953 should be appreciably larger than that for 1952, and that the government should follow American suggestions in spending the franc counterpart of the dollar aid received.

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Comment: This cabinet position reflects the aggressively nationalistic line taken by Pinay on 7 October to postpone an immediate foreign policy debate in the National Assembly aimed at forcing the resignation of Foreign Minister Schuman, who is under attack for being too "soft" toward American policies.

Although the French Government is expected to propose a three-percent increase in the military budget over 1952, the means of financing this increase has not yet been found. Even this anticipated budget appears insufficient to cover either the current rate of French military production beyond December 1952 or commitments in Indochina.

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