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SECURITY INFORMATION

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3.5(c)

~~TOP SECRET~~
SECURITY INFORMATION

~~TOP SECRET~~ [redacted]
SECURITY INFORMATION

SUMMARY

GENERAL

- ✓ 1. USSR renounces 1945 territorial claims against Turkey (page 3).
- 2. Czech [redacted] new intra-Orbit trade practice (page 3). 3.3(h)(2)

SOVIET UNION

- 3. Panic greets currency reform rumor in Georgian SSR (page 4).

FAR EAST

- ✓ 4. [redacted] 3.3(h)(2)

NEAR EAST - AFRICA

- 5. Comment on broadening of Israel's coalition government (page 5).
- ✓ 6. Turkey proposes that MEDO be set up immediately (page 5).

WESTERN EUROPE

- ✓ 7. Italian premier reportedly refuses Nenni offer of coalition (page 6).

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3.5(c)

~~TOP SECRET~~ [redacted]

3.5(c)

~~TOP SECRET~~
SECURITY INFORMATION

GENERAL

1. USSR renounces 1945 territorial claims against Turkey:

3.3(h)(2)



According to the Turkish Foreign Ministry, a Soviet note of 31 May states that the USSR has renounced all territorial claims against Turkey. These claims had been asserted on behalf of the Armenian and Georgian Republics in 1945.

The note states that the USSR now considers it possible to ensure its security interests in the Dardanelles under conditions acceptable to both countries.

The Turkish secretary general underlined the danger of the new Soviet tactics, "since many countries less experienced in dealing with Russia would be misled by them."

Comment: This conciliatory gesture may be designed to undermine Turkey's role in NATO, to discourage the building of NATO bases on Turkish soil, and to weaken the Balkan alliance.

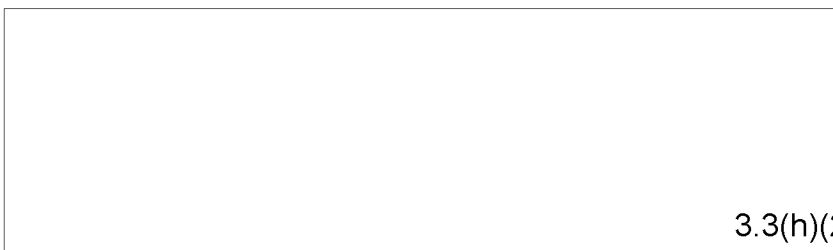
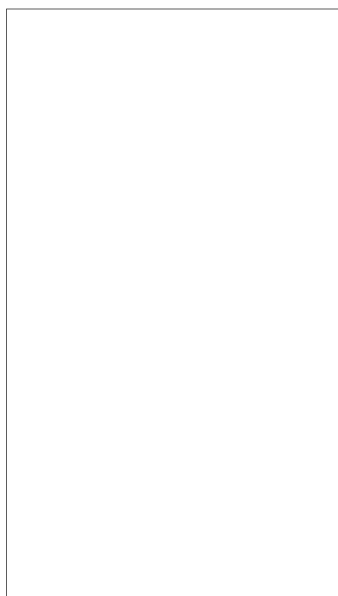
Since the Kremlin has expressed its strong disapproval of the Montreux Convention, which is subject to review every five years, the note may foreshadow a Soviet bid for Soviet-Turkish talks on this subject.

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2. Czech [redacted] new intra-Orbit trade practice:

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Comment: [redacted] reveal a new Orbit trade practice of lending scarce raw materials and semimanufactured goods to Czechoslovakia and possibly other Satellite countries to prevent imminent cutbacks of production resulting from shortages in key industries.

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Last June raw material shortages curtailed Czech tire production and caused the government to offer idle plant capacity to any "people's democracy" which would quickly supply the necessary raw materials.

In 1951 and 1952 Czechoslovakia failed both to fulfill its large-scale capital goods commitments to the USSR and other Satellites and to maintain its own ambitious industrial production program.

SOVIET UNION

3. Panic greets currency reform rumor in Georgian SSR:

[redacted]

3.3(h)(2)

Comment: Such a currency reform would run counter to the recent efforts on the part of the new regime to popularize itself, and there is no evidence to confirm the rumor. The panic in Georgia demonstrates that in spite of the efforts of the new leaders, the people still fear arbitrary governmental actions.

FAR EAST

4. [redacted]

3.3(h)(2)

~~TOP SECRET~~
SECURITY INFORMATION

3.5(c)

3.3(h)(2)

NEAR EAST - AFRICA**5. Comment on broadening of Israel's coalition government:**

The return to Prime Minister Ben-Gurion's Mapai-dominated cabinet of the General Zionist party, which had withdrawn on 25 May, restores a broadly based government for Israel. While Ben-Gurion has indicated satisfaction at the restoration of the coalition which now commands some 87 seats in the 120-member Knesset, his party was forced to yield to the General Zionists on the minor issue which had precipitated the crisis a week ago. The General Zionists failed, however, to gain a more decisive voice in determining the government's future policies.

The re-establishment of the coalition in Tel Aviv is more a truce agreement than a decision by the two major parties to unite in solving Israel's problems. It does not eliminate the basic differences and still leaves the Ben-Gurion government in a weak position.

6. Turkey proposes that MEDO be set up immediately:

The Turkish government "is of the firm conviction" that the United States, Britain, France and Turkey, in view of their responsibility for

3.3(h)(2)

- 5 -

~~TOP SECRET~~

3.5(c)

~~TOP SECRET~~ []
SECURITY INFORMATION

3.5(c)

Middle East security, should immediately set up a defense organization to fill the "dangerous gap" existing in the area. In a note handed to American Counselor Rountree, Turkey stated that it should be made clear to Middle East countries that the proposed organization would be open to all states in the area.

Comment: Turkey, fully aware of the weakness of Middle East defenses, has been pushing for action. Its proposal envisages reconsideration of current MEDO concepts. If the suggestion that the organization be formally opened to all regional states is adopted, it could result in an Israeli request for membership. The Arab states are urging that Middle East defense be based on the Arab League's security pact.

WESTERN EUROPE

7. Italian premier reportedly refuses Nenni offer of coalition:

3.3(h)(2)

De Gasperi reportedly considers that Nenni is exploiting the appeal of a "Socialist alternative" to Communism or Western-oriented Christian Democracy. He doubts that the Communists are financing Nenni and believes his funds are coming from industrialists.

Comment: The Nenni Socialists are believed largely responsible for the gains made by the Socialist-Communist bloc in the 1951-52 local elections. Despite the probability of slight losses by the Communists in the coming elections, the leftist bloc as a whole is expected to make some gains.

3.3(h)(2)

- 6 -

~~TOP SECRET~~ []

3.5(c)