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EASTERN EUROPE

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2. East Germans harass Westerners passing through Soviet Zone:

On two occasions within the past 10 days East German youth have demonstrated against passengers in US trains on the Helmstedt-Berlin line while the trains were stopped in Magdeburg. US authorities in Germany expect further demonstrations. Meanwhile, West Germans are becoming reluctant to use the Autobahnen going through the Soviet Zone, because
East German authorities are handing them copies of the East German “anti-warmongering” law that in effect legalizes kidnapping.

Comment: While these demonstrations are not in themselves serious, they could be the beginning of more intensive efforts to interfere with Western Allied transit of the Soviet Zone of Germany.

USSR

3. Tax exemptions cancelled:

Comment: This is another in a series of recent measures that have at least partially nullified the effects of the retail price reductions announced on 1 March. The State Budget for 1951, “ratified” by the Supreme Soviet on 10 March, called for an increase over the 1950 figure of 7.7 billion rubles (21.6%) in taxes “from the population.” In December 1950, the Council of Ministers ordered a 25% reduction in worker bonuses.
5. **Chinese invasion of Indochina held possible:**

The US Army Attache in Saigon has listed a combination of factors that point to the possibility of a Chinese Communist invasion of Indochina earlier than General De Lattre’s estimate of August-September: (a) Viet Minh work on supply routes has been expedited, (b) Chinese Communist forces are still in a position to attack without warning, (c) past experience with Chinese Communist forces indicates that the period immediately preceding the rainy season would be the most likely time for them to undertake an adventure in Indochina, (d) Franco-Vietnamese forces could “barely withstand” an attack by the Viet Minh alone, and this attack, which is expected soon, would so seriously tax the French that the Chinese Communists “could not resist the temptation” to move in.

**Comment:** The Chinese Communists continue to possess the capability of invading Indochina but firm indications of their intent to do so in the immediate future are lacking. A recent Chinese Communist raid across the Tonkin border west of Laokay, which resulted in the capture of pro-French Thai garrison troops, may have been intended to gather information concerning forces and defenses in the area.

A Viet Minh attack is expected during the latter part of March. Although General De Lattre has expressed confidence in the ability of his forces to hold fast, latest Viet Minh order of battle analysis indicates that Ho Chi Minh’s forces are capable of delivering coordinated thrusts from several points around the Tonkin Delta defense perimeter that could seriously threaten the French position.

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6. **Sino-Tibetan negotiations apparently continue:**

The US Embassy in New Delhi has been informed by an official of the Indian Ministry of External Affairs that although a new Tibetan mission has been appointed to go to Peking for peace negotiations, no agreement has been reached. According to the Indian official, the Tibetans are willing to accept Chinese suzerainty but do not wish Chinese troops and officials to enter Tibet.

**Comment:** Reports of a final agreement on the future status of Tibet are believed to be premature. It is expected, however, that the Chinese will succeed in obtaining control of Tibetan defense matters (which will mean stationing troops and officials in Tibet) and that any guarantee of autonomy will be merely nominal.
8. High-level conference may be in session in Rumania:

Western diplomatic officials in Rumania believe that a high-level conference may be in session at Snagov, a resort town north of Bucharest. During the past weekend, Western diplomatic cars enroute to Snagov, one of the few towns outside Bucharest normally open to Westerners, were turned back about 10 kilometers from Bucharest. The US Minister comments that last summer, when Snagov was out of bounds for a week, it was believed that a Cominform conference was being held there.

Comment: This circumstantial evidence concerning a high-level conference near Bucharest lends some credence to recent reports of Communist plans to establish a joint Soviet-Satellite military headquarters. There have been many rumors of the existence of such a command, but no reliable information has been received. A recent press report claimed that the creation of a "Soviet-Satellite Joint General Staff" was ordered at a secret conference in Moscow on 20 January. The first meeting of this group, which is to be presided over by Nikolai Bulganin (Marshal of the Soviet Union and Politburo member), was reportedly scheduled for 20 March in Bucharest.