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CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

Date: JUN 19 1951

- NOTE:
1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
  2. Comments represent the preliminary views of the Office of Current Intelligence.
  3. Marginal letter indications are defined as follows:
    - "A" - items indicating Soviet-Communist intentions or capabilities
    - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
    - "C" - other information indicating trends and potential developments

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## SECTION 1 (SOVIET)

"B" EASTERN EUROPE. HUNGARY. Hungarian Catholic Leader to be Tried. Radio Budapest has announced that Archbishop Jozsef Grosz will be brought to trial with eight other persons on charges of anti-state activity, espionage, preparation for revolution and forming armed terrorist units. (U NY Times, 19 Jun 51). COMMENT: Archbishop Grosz and three assistants have reportedly been under arrest since 19 May. (O/GI Daily Digest, 26 May). As acting head of the Hungarian Bench of Bishops since Mindszenty's imprisonment, Archbishop Grosz has been the spokesman of Catholic opposition to the Communists. He has been under attack during the past few weeks for refusing to sign the Communist peace plebiscite. The Hungarian Communists apparently have most of the other bishops under control; Archbishop Czapik, the leader of a more pliant faction within the Bench of Bishops, heads a Catholic delegation which is currently discussing Church-State affairs with Istvan Kossa, Communist president of the recently established State Office for Ecclesiastical Affairs. It has been reported that Aloysius Pongracz, a Hungarian employee of USIS who was arrested on 24 March, is implicated in the charges against Archbishop Grosz. This maneuver would provide the Hungarian Government with an opportunity for placing renewed pressure on the heretofore relatively unmolested operations of the USIS office in Budapest.

"A" POLAND. Industrialization Planned on Long-Range Basis. The US Embassy Warsaw reports that there is no evidence that Poland is retarding or postponing the construction of heavy industrial projects in favor of greater efforts on items of more immediate military utility. According to the Embassy, Poland has achieved impressive industrial progress during the past sixteen months and currently seems preoccupied with insuring the orderly achievement of production goals. The Embassy points out that this emphasis on industrialization should contribute appreciably to the Communist war potential in the next few years. Noting that Poland has been relatively free of purges and sensational trials, the Embassy concludes that the USSR may desire to retain Poland as a point of relative calm during its agitation of more sensitive areas, and also probably wishes not to disturb the important communication route to Germany through Poland. The Embassy transmits the view of the British and French Ambassadors in Warsaw that they see no signs of Soviet intentions to attack the West. (S Warsaw 971, 16 Jun 51). COMMENT: All available evidence indicates that Poland has stressed expansion of its heavy industry under the Six Year Plan, with less emphasis upon construction of immediate military usefulness. This furnishes a sound psychological approach to the nationalistic Polish people who see in this industrial expansion the growth of their country. At the same time the USSR has been infiltrating Soviet agents into even relatively low level Polish governmental, industrial, and military positions, thus insuring its firm control of Poland.

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"C" POLAND. Batory to Operate on Indian Route. A recent announcement in the Polish press stated that the 14,000 ton passenger liner Batory, formerly on the Gdynia-New York run, was being refitted with air conditioning for tropical service and would begin operations on a new line connecting Gdynia with Indian and Pakistani ports. The route of the Batory will be Gdynia, Southampton, Gibraltar, Malta, Port Said, Aden, Karachi, and Bombay. The ship is presently being refitted in a British yard. (R Warsaw 968, 15 Jun 51). COMMENT: The addition of the Batory to this run follows an observed trend of increasing numbers of Polish and Polish-chartered vessels on Middle and Far Eastern routes.

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## SECTION 2 (EASTERN)

- "C" GREECE. King Complains about Papagos. King Paul recently presented a lengthy exposition of his complaints against former Commander-in-Chief Papagos to US General Frederick, which ended with the statement that the Marshal is mentally ill. In the same breath, the King stated that Papagos remained available to the country in case of war or of need for his services in a NATO command. (S Athens 4469, 16 June 51). COMMENT: In the US Embassy's view, there is no foundation to the allegation that Papagos is mentally ill, and all available information confirms that he is of perfectly sound mind. Following Papagos' resignation, Prime Minister Venizelos immediately attempted to capitalize on the situation by suggesting that the dilemma be solved by the entrance into NATO of Greece and the assignment of a command position to the Marshal.
- "B" INDIA. Election Strategy. A Karachi broadcast of 10 June reported that ex-Congressman P. C. Ghosh's reformist Krishak Praja Mazdoor Party in West Bengal and the Socialist Party of India have agreed to cooperate during the forthcoming national elections by not putting up candidates against each other in areas where the candidates of either party have a clear chance of success against Congress Party candidates. Similar arrangements are being made by Dr. Ghosh with the Forward Bloc and the Revolutionary Socialist Party. (R FBID, Far East, 14 June 51). COMMENT: This type of arrangement can be expected to develop in local areas throughout India as the most effective means of providing stiff competition to the Congress Party.
- "C" BURMA. Burmese Refusal to Comply with Kem Amendment Anticipated. US Embassy Rangoon reports that the [REDACTED] that Burma would not provide the certification required by the Kem Amendment appears to be supported by Burmese policy makers in Rangoon. The Embassy adds that it is doubtful that this attitude will change even though the result may be the termination of ECA aid. (S Rangoon 918, 15 June 51).
- "C" Anti-Communist Sentiment Among Chinese Evokes Intensified Communist Pressure. Chinese Communists in Burma are utilizing fear, with increasing effectiveness, as a psychological weapon to combat the rising tide of anti-Communist feeling within the Chinese community. The anti-Communist Chinese are being accused of the recent murder of a prominent pro-Communist businessman. (See O/CI Daily Digest, 12 June 51). The left-wing press, both Burmese and Chinese, are labelling all non-Communists as pro-Koumintang and are calling upon the Burmese Government to suppress

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their activities. At the same time, a whispering campaign is being assiduously promoted to the effect that Burma will soon be overrun by the Chinese Communists and all persons identified as being pro-KMT will be executed. The immediate results of this Communist effort have been apparent. The publication of a new anti-Communist daily newspaper was delayed for five days, two prominent Chinese leaders cancelled a scheduled call on US Ambassador Key and the Chinese educator to whom the US Embassy was to deliver 60,000 non-Communist Chinese textbooks just received could not be reached. (S, Rangoon 918, 15 Jun 51). COMMENT: So long as Burma remains unstable and defenseless, the anti-Communist sentiments known to be entertained by the local Chinese community are not likely to be expressed with vigor. Scattered violence involving the two factions is to be expected. The Burmese Government, which has been relying on the anti-Communist Chinese for intelligence, is not likely to succumb to Communist pressure to curtail the activities of this faction.

"B" INDOCHINA. Large Viet Minh Concentration Reported South of French Tonkin Defenses. [redacted] reported that 30-40,000 enemy troops, of whom many are apparently newly arrived, are concentrated west of Phuly, on the southern perimeter of the Tonkin Delta defenses. This force is so situated that it can, under cover of darkness, move into position to attack within twelve hours. (S, Hanoi 744, 18 Jun 51). COMMENT: General De Lattre is reported as anticipating a heavy attack in the area mentioned. Although French regular forces in the entire Tonkin defense triangle number only about 67,000, he is expected to repulse the attack by a concentration of troops there. De Lattre's greatest fear is that the Chinese Communists will attack his northern defenses simultaneously although there is no reliable evidence to indicate that such a move is imminent.

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"A" CHINA. Fourth Field Army Units Move from Korea to Kwangtung. The presence in Kwangtung of elements of the 38th, 39th, 40th and 42d armies of the Fourth Field Army, all reported recently withdrawn from Korea, is now accepted as confirmed by the American Consul General in Hong Kong. [redacted] placing each of these unit's strength in Kwangtung at 4-6,000, suggest that these are not entire armies but possibly divisions representing the first echelons withdrawn. Indications have been observed that these forces are being increased to full strength by incorporating personnel from local reserve and public security divisions which are themselves being replenished by intensified recruiting in the area. (S, Hong Kong 3794, Joint Weeka 24, 15 Jun 51). COMMENT: The withdrawal of these units to positions in Kwangtung for recuperation and

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replacements, and lends credence to the reports that the Fourth Field Army, which has long had other elements of its organization in this sector, has been relieved of its commitments in Korea and been assigned the defense of the South China coastal areas. The 4-6,000 strength figure given for the above units, if based on full division strength of 9,000, appears consistent with current casualty estimates.

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"C" Alleged Chinese Communist "Memorandum" to the Soviet Embassy.

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Chinese Communist leaders met for four hours with the Soviet Ambassador to Peiping. The Chinese "were to present" a lengthy memorandum, prepared by the Revolutionary Military Council and the Government Administration Council, discussing Chinese losses in men, money and materiel in the Korean conflict, and specifying the items and quantities of "military and other supplies required by the Chinese from the Soviets".

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COMMENT: Peiping's current campaign, which is to last at least until January 1952, for funds to purchase heavy equipment for Chinese forces in Korea, indicates that Peiping has made or is attempting to make arrangements with the USSR for the supply of such equipment. The above report, which is unconfirmed, may illustrate either a substantial or a ceremonial step in such Sino-Soviet negotiations.

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"B"

US Military Adviser Recommends Release of Nationalist Troops Interned in Indochina. General Chase, Chief of the Military Aid and Advisory Group in Taiwan, recommends that the US take strong action to assist the Chinese Nationalist Government in effecting the release and transportation to Formosa of all Chinese military personnel interned in Indochina. He states that they are good troops and badly needed as replacements. The Chinese Nationalist Government can transport them from Indochina at no expense to the French, who would thus be relieved of the present heavy cost of maintenance. The US Charge in Taipei concurs, and suggests that favorable action from the French would provide an excellent example of international cooperation against the Communist threat and, at the same time, constitute an important contribution to the defense of Formosa. (S, Taipei 1727, 16 Jun 51). COMMENT: An estimated 30,000 Chinese Nationalist soldiers of unknown effectiveness are currently interned in Indochina. On several occasions since the end of 1949, the French have considered requests originating in Taipei that these troops be returned to Taiwan. For fear of provoking Communist China into more overt action against Indochina, the French have refused to accede to these requests and have maintained a diplomatically "correct" attitude in the matter. They are not likely to be easily persuaded to reverse this policy.

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- 25X1C "C" Alleged Presence of Soviet Troops in Southeast Manchuria. [redacted] reports the presence, in March 1951, of 20,000 Soviet infantry troops in the Tumen area, 16,000 troops in the Tunhua area (with 700 "small tanks" or armored cars), and an unknown number of Soviet troops (apparently some hundreds) at the Ch'aoyangchuan and Lunehingts'ung railroad stations. [redacted] COMMENT: Other low-level sources have reported the movement of Soviet troops into South Manchuria in or about March 1951. There are recent indications of the existence of a large-scale Soviet program of training and equipping Chinese Communist forces in Manchuria. Although specific reports cannot be confirmed, the presence of some thousands of Soviet troops in Manchuria, in connection with such a program, is a strong possibility.
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- 25X1C "C" Heavy Military Shipments Reported over New South China Railroad. [redacted] military shipments on the newly-built railroad to Nanning in Kwangsi Province were heavy in late May. Source cites the shipment of 450 drums of gasoline on 28 May, five cars of ammunition and light weapons on 30 May and five anti-aircraft guns on 31 May. [redacted] COMMENT: Nanning, the South China railhead nearest the Indo china border, is frequently mentioned as a transshipment center for military supplies to Ho Chi Minh forces in Indochina. A number of reports claim that the railroad to Nanning has operated only intermittently since it was opened to traffic in March, due to guerrilla raids and floods.
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- "C" KOREA: North Korean Cabinet Encourages Increase of Exports and Decrease of Imports. Radio Pyongyang announced on 18 June the issuance of a North Korean Cabinet decree which establishes a system of monetary rewards for citizens who aid in conserving foreign exchange by increasing the exploitation of export resources or the invention of substitutes for imported goods. A large list of items in the fields of chemicals, textiles, transport, foodstuffs, hardware and electrical equipment are mentioned by name as included in the program. (R FBIS ticker, 18 June 51). COMMENT: While the broadcast reiterates the shortages existing in North Korea, various possible explanations for this program appear plausible. Communist countries normally lay heavy stress on self-sufficiency and also this new propaganda, no doubt, is designed to help maintain production at the highest possible peak. Additionally, the USSR may be pressing for payment, in the form of raw materials, for aid given the North Korean regime.

TOP SECRET



TOP SECRET

## SECTION 3 (WESTERN)

"C" GERMANY. Ex-Officers Organize to Combat Rearmament. The first major attempt of ex-Wehrmacht officers to create an anti-rearmament movement among west German veterans came in a meeting at Uelzen on 3 June of some 400 former officers. The meeting was not immediately announced to the press with the notable exception of the Soviet news agency; the first papers to carry the story were a neutrality-minded journal and a Communist Party organ. The principal speaker rejected the rearmament of west Germany under present circumstances because, he said, a German contingent would not be able to hold out against Soviet aggression for more than a few weeks. He criticized west Germany's two largest veterans' organizations, which were not officially represented at the meeting, for their approval of gradual remilitarization. One of these organizations, subsequently disavowing any connection with the Uelzen meeting, charged that it was in all likelihood "inspired and financed by the East". US representatives in Bonn consider that the propaganda of the Uelzen movement, couched in technical terms and carrying the air of staff authority, will undoubtedly have considerable success outside Communist ranks, and that the group may develop into the most dangerous anti-rearmament movement. (C Bonn Un-numbered, 15 June 51) COMMENT: The former west German military have been notably lukewarm toward rearmament, so that the Uelzen movement would seem to have a fruitful field in which to operate, unless it were exposed as a Communist front organization. Superficial evidence suggests that if it is not a front, it is at least Communist-infiltrated.

"B" Soviets Relax Berlin Trade Restrictions. The USSR has apparently relaxed its current restrictions on west Berlin's exports to the West, although Soviet representatives in Berlin still claim the right to control shipments from west Berlin. The Soviets have reportedly released 800 west Berlin requests for trade permits which had hitherto been held up by them. At the same time, however, S. A. Dengin, Berlin representative of the Soviet Control Commission, has replied to Allied protests on the Soviet restrictions by claiming the right of the Soviets to control shipments from west Berlin as a means of ensuring that no illegally obtained raw materials from East Germany are included in the shipments. Negotiations on the method of control are to be held by Allied and Soviet authorities. (S Berlin 1512 and 1513, 18 June 51; press items, 20 June 51) COMMENT: This Soviet relaxation of restrictions appears to have resulted from the threat of firm Allied countermeasures, including the simultaneous embargo of shipment of key items from west Germany and west Berlin to the Soviet zone, and the cessation of talks on a new interzonal trade agreement.

"C" AUSTRIA. People's Party Appoints New Chieftains. The directorate of the People's Party has decided to reaffirm all Cabinet members of the party in their posts. However, Julius Raab, president of the Chamber of Commerce,

TOP SECRET

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has been named acting party chairman in place of Chancellor Figl, and Nationalrat Maleta, a moderate critic of the present party leadership, has been named secretary general in place of Education Minister Hurdes. More significant changes could not be made at this time because the opposition to the party leadership is without real leaders, and ambitions have been temporarily cooled by the unpopular economic measures that will soon have to be passed. There was also a strong feeling that far-reaching changes might endanger the coalition. The opposition within the party will have another chance to effect changes when a special party convention is held next fall. (C Vienna 3079, 18 June 51) COMMENT: In separating party from Government positions, the People's Party has taken the minimum reform steps suggested after its recent defeat in the presidential elections. The policy critics, caught without specific plans this spring, will probably be ready next fall.

"B" ITALY. Widespread Strikes Loom Throughout Italy. Both Communist and non-Communist labor unions are supporting the nation-wide two-hour daily strikes of all streetcar, bus, and shortline railway workers in an attempt to enforce demands for wage and cost of living increases. The civil servants' dispute with the government over cost of living allowances is still unsettled. Both government and transport workers are threatening a 24-hour strike by the end of the week (June 21-22) if their demands are not met. Meanwhile, the Communist-dominated union of agricultural workers has begun intensive agitation in Southern Italy for strikes and demonstrations to support demands for wage increases. (S Joint Weeka 24, 15 June 51; U NY Times, 17 and 18 June 51; R FBIS, 18 June 51) COMMENT: Such widespread labor unrest is unusual in Italy at this time of the year, except for agricultural workers. The Communists, who first took the initiative in pressing for the recent pre-election strike by government workers, have reportedly been planning a general strike for some time. (See OCI Daily Digest, 12 May 51) Retention of initiative in the labor field will strengthen the Communist vote in the fall municipal elections in Southern Italy, where the Communists are likely to gain over their voting strength of 1948.

"B" ITALY/GERMANY. Italians Emerging as Protagonists of New Germany. In the discussions concerning interim arrangements for German territories in Italy it appears that the Italians are seeking the role of protectors of German interests. Meanwhile, West German Chancellor Adenauer's visit completes the first cycle of Italian post-war foreign policy that began at Santa Margherita with Italo-French agreement on the principal interzonal questions of the day. The Italian objective is to strengthen Western European unity by improving relations between France, Germany and Italy. (C Rome 5764, 18 June 51; NY Times, 19 June 51; R FBIS, 18 June 51) COMMENT: This series of steps to strengthen western European unity is designed; (1) to improve Italy's political position in the councils of the west and (2) to make Italy a more viable entity through Western European economic integration. In addition, Premier De Gasperi's initiative in this policy probably reflects Vatican desires for a stronger Germany as a bulwark against Communism.

TOP SECRET

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TOP SECRET

"C" UNITED KINGDOM. Left-Wing Labor Party Group to Wage Vigorous Intra-Party Campaign this Summer. According to US Embassy London, ex-Cabinet Minister Aneurin Bevan's small left-wing Labor Party group will formally initiate its campaign to gain Labor rank-and-file support when it publishes early in July its statement on Labor Party policy entitled "One Way Only". The new policy statement, which bears the signatures of 24 MPs, reportedly advocates a sharp reduction in the rearmament program, nationalization of additional industries, and the pursuit of a foreign policy more independent of that of the US.

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that Bevan wants to wage a vigorous campaign during the summer and at the Labor Party conference in October and is hoping for evidence of considerable support at annual trade union and constituency Labor Party meetings held during the next few months. It is believed, also, that he would not want a general election called early in the fall for in that event the large October conference of the party would be canceled and Bevan would almost certainly be out-voted at the private conference of party leaders which would draw up the election platform. (C London 6627, 15 June 51; NY Times, 18 June 51) COMMENT: Although Bevan and his professed followers constitute a very small minority of the Labor Party at the present time, there is little doubt that his views are regarded sympathetically by sizeable numbers of doctrinaire socialists and some trade unionists disgruntled over rising living costs. The party leadership will certainly keep a watchful eye on the development of his campaign; and if its progress seems to threaten a bitter fight at the October conference, those leaders favoring an early fall election would have an additional argument in the general desire to avoid an open party split.

"B"

Initial USSR Offer Rejected in UK Timber Contract Talks. UK Board of Trade officials state that they have rejected the initial Soviet offer in the current negotiations for renewal of the 1950 UK-USSR timber contract, but that negotiations are continuing. The rejected offer proposed a barter arrangement involving the exchange of Soviet timber for a variety of commodities, including industrial diamonds, tin, copper, machine tools, and rubber, equal to half the value of the timber, and the remainder apparently in sterling credits. (C London 6624, 15 June 51) COMMENT: The UK normally depends on Scandinavia and Eastern Europe for most of its timber supplies, but the current improvement in its timber position over 1950 is due to recent large purchases in the US and British Columbia on long-term contract. However, these purchases at high prices constitute an obvious drain on UK dollar balances, and the UK overall payments position has in other respects deteriorated in the past two months. According to press reports, the UK is now seeking to secure large amounts of the high quality Soviet grades to insure adequate supplies suitable for construction and finish purposes in 1952, but has been unable to accept the Soviet conditions concerning shipping, since the shortage of cargo tonnage and port delays are now the major bottlenecks in the UK timber trade. The UK has given no specific indication of its attitude toward the Soviet interest in critical commodities in these negotiations, and it is uncertain what, if any, conces-

TOP SECRET

TOP SECRET

sions the UK would be willing to make in order to secure agreement.

"C" IRELAND. De Valera Announces Foreign Policy to Remain Unchanged. Prime Minister De Valera indicated to a press conference on 18 June that he would make no change in the preceding government's policy of neutrality but that he would push defense preparations. Meanwhile, US Embassy Dublin reports that he has assured the five independent members of the Dail, whose votes were decisive in bringing him into office on 13 June, that his government will remain in power for at least three years. Noting the slim parliamentary margin on which the De Valera Government depends, the Embassy reports that the opposition is, however, "much demoralized". (U NY Times, 19 June 51; C Dublin 246, 15 June 51) COMMENT: The new government's position on foreign policy was generally anticipated (see OCI Daily Digest, 14 June 51). It is not likely to make any large additions to Ireland's tiny defense budget, for De Valera's previous criticisms of the Costello Government on this score were of a rather cautious and sporadic nature. The parliamentary instability of the new government is the less significant in that there seem at present to be no issues of importance on which the opposition is likely to attack it.

"C" CHILE. New Labor Stoppage in Copper Industry. An illegal strike of workers in the two large US-owned Chuquicamata and Potrerillos copper mines—begun four days ago—has now spread to include the US-owned El Teniente mine, number two Chilean copper producer. Nitrate, coal, and railway labor leaders reportedly are actively negotiating for authorization from their unions to stage a strike supporting the copper workers' demands. Troops have been ordered to guard the three strike-bound mines, and a decree ordering the "renewal of work" has been issued by the government. President González Videla reportedly has disclosed his plan to form a military cabinet if a solution is not found to "the present crisis" (presumably that caused immediately by the copper workers' strike and cabinet resignations). (R Santiago 622, 18 June 51; U NY Times, 19 June 51; R - FBIS, 19 June 51) COMMENT: Production at Chuquicamata was reduced in May by 50 per cent as a result of labor agitation, and total Chilean copper production in June will be severely affected since approximately 95 per cent of this production is controlled by the three large US-owned companies. It seems likely that the newly formed Confederación de Trabajadores del Cobre (CTC) whose strength has previously been untested may be in a position to bargain successfully with the government as a result of the present strike which reportedly follows the rejection by the companies of the CTC's list of workers' demands. The unstable Chilean political situation may further deteriorate since the President's talents for political extemporization are limited in this pre-election year. (see OCI Daily Digest, 1 June 51).

"C" URUGUAY. Further Weakening of Communist Labor Federation. The textile workers' union has decided to sever its connection with the Communist-

TOP SECRET

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dominated labor federation, Unión General de Trabajadores (UGT). (R FBIS ticker, 19 June 51) COMMENT: The union referred to is probably the Unión Obrera Textil, an important union of about 5,000 workers whose loss will be a considerable blow to the Communist UGT. The separation of the textile workers' union is a logical development in view of the recent purge of its leader, Hector Rodríguez, from the Uruguayan Communist Party. (See OCI Daily Digests, 7 May and 5 June 51).

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CENTRAL INTELLIGENCE AGENCY

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE  
DAILY DIGEST OF SIGNIFICANT S/S CABLES

19 June 1951

SECTION 1 (SOVIET)

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"B"

ALBANIA.

Sees Continuing Stability of Hoxha Regime.

25X6 [redacted] recently returned from Albania states that Premier Hoxha's last trip to Moscow in April and early May 1951 appears to have resulted in a reinforcement of Hoxha's position. [redacted] Albanian response to Soviet direction is clearly reflected in certain governmental policies instituted immediately after Premier Hoxha's visits to Moscow. He believes that Moscow ordered the recent Party reversal of its April decision to speed up the farm collectivization program. Commenting on the decision to halt the formation of new collectives, [redacted]

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[redacted] the action was probably the result of the "disastrous" economic conditions and food shortages which have increased since the cessation of imports from Yugoslavia and Greece. The decision on collectives probably presages a new period of less harsh enforcement of political-economic policies. According to the source the loyal Communist police has been most effective in controlling the latent hostility of the Albanian population. However, [redacted] that there remains in the Albanian Workers' Party some residue of the former pro-Tito currents which are completely hidden at the present time. He excludes the possibility of the overthrow of the Hoxha regime without external aid. [redacted]

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SECTION 2 (EASTERN)

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"B"

EGYPT.

and Sudan Issues.

Opposes New British Proposals on Suez

[redacted] has informed the US Ambassador in Cairo that the latest British proposals on the Suez and Sudan issues are unsatisfactory. The [redacted] stated that he personally would like to break off the Anglo-Egyptian talks and denounce the 1936 treaty but that he had to await the King's return before he could act. When the Ambassador urged that Egypt follow a policy of moderation, the [redacted] stated that the controversy might drag on until the opening of Parliament in November but that a definite decision would have to be made at that time. (TS, S/S Cairo 1336, 16 Jun 51). COMMENT: Aside from the personal feelings of [redacted] whose sentiments on this subject have on occasion in the past been strongly expressed, there

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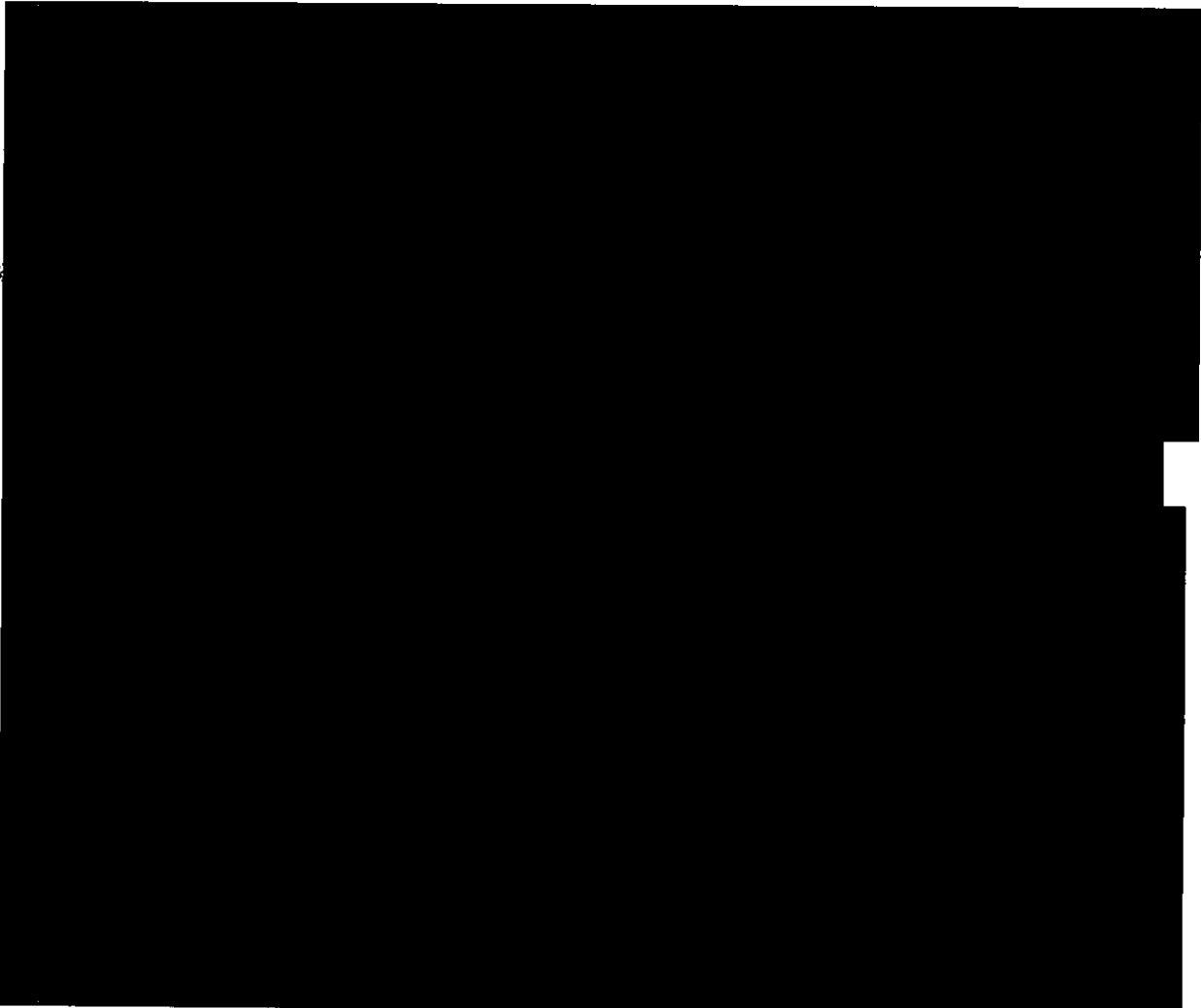
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exists considerable anti-British feeling in Egypt. Normally governmental activity remains at a minimum in Egypt during the hot months, accordingly action on this issue is not anticipated until fall.

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