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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

JUN 30 1951

Date: _____

- 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" USSR: Aid to Iran Hinted in Soviet Press. Moscow newspapers on 29 June, hinted for the first time at the possibility of Soviet assistance to Iran during the present oil crisis. The newspapers did not quote any Russian source, but published an article from an Iranian newspaper calling for the Government of Iran to avoid the threatened stoppage of oil by accepting help from "anti-imperialist countries which are the sincere friends of the Iranian people." (U-New York Times, 30 June 51). COMMENT: Since the assassination of Premier Razmara, the Soviet press has tended to avoid direct comment on the deteriorating Iranian situation. Instead, it has published material culled from the Iranian press which fits in with Moscow's propaganda line, usually utilizing irresponsibles or fly-by-night newspapers which, in some cases, may be indirectly susceptible to Soviet influence if not actually under Communist control. In this case, the original article came from a low-circulation newspaper generally recognized as Communist. It is possible that the USSR is contemplating a gesture of aid to Iran which might take the form of a loan or technical assistance. However, the USSR is not believed capable of supplying real assistance to Iran without disrupting its own economy.

"C" USSR will Celebrate Air Force Day on 1 July. The Deputy Chief of Preparations for the nation-wide festival, Lt General Vasily Stalin, told correspondents that USSR Air Force Day "will be celebrated in an atmosphere of historic victoriss achieved under the leadership of the greaty party of Lenin - Stalin." He boasted that the USSR "created" the aviation industry and has the "most advanced aviation science in the world." After a glowing description of the details of the preparations, he announced that this "complete mastery of the most advanced techniques" will be demonstrated by "Stalin's Falcons" and others on 1 July over Tushino Airfield. (U-FBIS, 29 July 51).

"A" EASTERN EUROPE: CZECHOSLOVAKIA. Army Deemed of Little Use to USSR. Prague estimates that in its present state the Czechoslovak Army is better adapted for a defensive than an offensive mission due to the absence of strong leadership, the shortage of modern equipment and the low morale of the average soldier. He also expresses the opinion that Soviet failure to make a determined effort to reorganize and reequip the Czechoslovak Army indicates that the USSR intends to keep Czechoslovakia as a supply base for the present, with only secondary military capabilities. Other significant features of the military picture in Czechoslovakia as reported by [redacted] are: (1) although adequate military supplies

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are available to equip the present Czechoslovak Army, their worn condition and lack of standardization makes most of them obsolete; (2) not over 25% of the line units are effectively trained in Soviet tactics; (3) the reorganization of units and staffs to conform to the Soviet pattern is still largely in the planning stage; (4) the unreliability of the Czechs and the nationalism of the Slovaks makes the military reliability of the army questionable in any role, except that of opposing German aggression; and (5) any appreciable expansion of the Czechoslovak armed forces would be at the expense of industrial and military production, since the Czechoslovak economy is already suffering from a manpower shortage. [REDACTED]. COMMENT: Of the European satellite armies, the Bulgarian and Rumanian seem to be relatively better prepared ideologically and technically to carry out Soviet aggressive designs.

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"B" Government Baset by Rising Worker Discontent Resulting from Food Shortages. The US Embassy in Prague reports that an extraordinary session of the Communist Party Central Committee or the Cabinet has been underway for the past three days, presumably to deal with rising public discontent over recent food shortages. While there is no evidence of imminent dramatic action, the Embassy has not witnessed such extensive grumbling and criticism of the government by the workers since the Communist coup in February 1948. The shortage of meat, including the disappearance of ration-free meat from factory canteens, eggs, milk, butter, low-priced bread and flour and the impending revision of worker norms are the principal causes of the discontent. Among the reasons offered by the Embassy for the food shortages are poor management, unwillingness of the farmers to turn their swine and cattle over to cooperatives and pilferage at the slaughter houses and stores. [REDACTED]

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"C" No Unusual Military Activity Observed. [REDACTED] reported observing no Russian troops, unusual military activity or rail traffic during a 10-day motor trip throughout the length of Czechoslovakia, ending on 25 June. [REDACTED] in Prague comments that his [REDACTED] findings parallel his own as a result of a trip over a somewhat similar route about a month previously. [REDACTED]

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"B" YUGOSLAVIA: UK and France Oppose Yugoslav Membership in European Payments Union. US Ambassador Gifford in London reports that the British and French Governments are opposed to Yugoslav membership in the European Payments Union (EPU) because such action (1) would involve a drastic revision of the legal basis of the organization, (2) some members might object from a fear

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of compromising the politically neutral character of EPU and further, (3) any action involving Yugoslav membership would entail delays. The Ambassador himself notes that Yugoslav membership would not take care of Yugoslav deficits with the US and non-EPU countries, and Yugoslavia could not fulfill EPU obligations involving trade liberalization, degree of multilateral control and consultation, etc., to which exceptions would have to be negotiated.

COMMENT: US Ambassador Allen in Belgrade recently reported that the Yugoslav Government probably will apply for membership in EPU provided the US indicates a willingness to facilitate its membership.

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US Zone Germany Radio Interference Protested. The Yugoslav Foreign Office has protested to the US Embassy Belgrade the alleged violation since 1 May by the radio station Hof RIAS located in the US Zone of Germany of the frequency assigned to Radio Belgrade by international agreement. The Yugoslav protest acknowledges that "thanks to the kindness of American occupation authorities in Germany" a previous RIAS infringement of Radio Belgrade's frequency had been rectified. Meanwhile, US officials in Germany state that the Yugoslav protest is purely legalistic, since the low power of the allegedly offending station makes it technically inconceivable for RIAS to interfere with Radio Belgrade.

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COMMENT: The US is not a signatory of the 1948 Copenhagen Convention which assigned European radio frequencies among the various countries. Both Yugoslavia and the USSR participated in this Convention. Cominform propaganda has occasionally touched on alleged US interference with the frequencies allocated by the Copenhagen Convention through the operation of US-controlled stations in its zones of occupation.

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SECTION 2 (EASTERN)

"B" GREECE. Wheat Controversy Might Precipitate Political Crisis. The US Embassy in Athens reports that the ECA-Greek government disagreement over the level at which wheat prices should be fixed may reach proportions which would precipitate a political crisis. Following a Parliamentary attack on the government on 26 June on this issue, Prime Minister Venizelos and Vice-Premier Papandreu maintained that the government could not survive in Parliament if it accepted the ECA mission's recommendations, and subsequently indicated that they might prefer to resign rather than face Parliament in support of the ECA mission approved wheat price. The US Embassy has urged Venizelos to display courage and statesmanship by facing, if necessary, a Parliamentary test on this issue, emphasizing that even on a purely political basis it would seem that advocacy of cheap bread for the people would be a popular move with the electorate even if not with Parliament.

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COMMENT: The wheat dispute arises from pressure by the Greek wheat producers, who are in favor of a higher wheat price than that advocated by the US ECA mission. Prime Minister Venizelos may feel that, since elections seem inevitable, he would prefer to go out of office now, without having to take an obviously US-sponsored stand against the wishes of internal pressure groups. He will, however, probably stay on until either the elections are held, or a caretaker government is installed for the election period.

"C" IRAN. Labor Disturbances Plague Textile Industry. Renewed labor disturbances in Isfahan in connection with the continued shutdown of various textile mills have taken place. Clashes in which one worker was killed reportedly occurred between Tudeh sympathizers and opposing groups. There are also reports of labor disturbances at Behchahr and Mazendaran (Caspian Sea area) arising from labor elections which may result in the shutdown of the spinning mill.

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COMMENT: Labor in the textile industry in Iran is generally underpaid; moreover, a shortage of raw materials has sharply curtailed production in recent months. The restive situation in this industry, unrelated to the oil problem, is indicative of the poor condition of the entire Iranian economy, which, accordingly, lends itself to Tudeh Party exploitation.

"C" IRAQ. Government Restricts Travel by Foreigners in Border Areas. The Iraq Ministry of Interior published in the press on 27 June new regulations restricting the travel of foreigners in areas of Iraq bordering on Iran, Turkey, and Syria.

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COMMENT: Iraqi concern over its frontiers reflects the increasing tension developing in the Near East. Iraq has long been suspicious of Soviet intrigue on its northern frontiers. More specifically the recent Iranian protest over the presence in Iraq of augmented British forces and over the anchoring of a British cruiser in Iraqi water opposite Abadan will make the government wary lest it become directly involved in the Iranian oil dispute.

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"B" IRAQ. Stalemate in Iraq; Oil Negotiations. [redacted] 25X1C
 25X1C [redacted] the Iraq Petroleum Company (IPC) is anxious to complete
 its current negotiations with Iraq because it fears the effect
 25X1X of the Iranian situation on Iraq. [redacted] 25X1X
 [redacted] offering to return to Iraq on 9 July or any subsequent
 25X1A date agreeable to Prime Minister Nuri Said. [redacted] 25X1A
COMMENT: On 27 June, some three weeks after talks between
 IPC officials and the Iraqis had been recessed, the Iraqi radio
 announced that the negotiations had been suspended. The Company,
 however, anticipates resuming the talks in July. The main problem
 in the negotiations is not the unwillingness of the Company to
 conclude an agreement more advantageous to Iraq but rather the
 form which the new arrangement should take. IPC is planning to
 offer a 50-50 profit sharing arrangement but problems of detail are
 complicated by the taxation technicalities created by the company's
 composite international character and by the number of concessions
 it operates. The Iranian oil situation has made the company's
 representatives anxious to negotiate a new agreement; it has in-
 fluenced the Iraqis to be more insistent on settling on their own
 terms. The recent Iraqi radio broadcast may reflect increased
 nationalistic sentiment which might result in more extreme demands
 being made on the Company. In any event, no swift action by either
 side is expected.

"B" PAKISTAN. Press Comment on Malik Proposal. Though Pakistani press
 reaction to Malik's proposal has varied somewhat according to the
 political bias of the individual newspaper, there seems to be a general
 feeling in the non-Communist press that the proposal contains no
 "strings" and that it should be seized upon as a hopeful development
 possibly leading toward peace. [redacted] 25X1A

"B" BURMA. Burmese Officials Believe Tire Smuggling to China Declining. 25X1A
 Burmese officials report that customs personnel at the Sino-Burmese
 border have been quadrupled to deter smuggling. [redacted] 25X1X
 estimates that the scale of tire smuggling in recent months has been
 400 to 600 a month. The US Consul General considers that recent
 Burmese imports of about 3,000 tires a month are not excessive in
 view of the 35,000 registered vehicles in Burma and the hard use they
 get. (C State Rangoon, 27 June 51). COMMENT: It is doubtful if the
 smuggling of tires, petroleum and other strategic items into Communist
 China from Burma is actually declining. Although supplies in Burma
 and the capacity of the mountainous route into Yunnan Province are
 limited, the Chinese are expected to exploit Burma as a source of
 strategic materials as much as possible.

"B" THAILAND. Situation in Bangkok Reported "much improved". 25X1X
 [redacted] reporting that the situation resulting from the abduction
 of Marshall Phibun is still confused, states that [redacted] 25X1X
 by both the [redacted] that conditions 25X1X
 are "much improved," and that the problem should be settled in a "day
 or two". Their optimism is shared by "military attaches" in Bangkok
 who feel that the strength of the combined police and military forces
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is so preponderant that the ultimate outcome of the issue is not in doubt. High naval officers apparently were not a part of this plot and are reported to have ordered a cease fire which the Marines refused to obey. [REDACTED]. **COMMENT:** From available reports it appears that Admiral Taharn Kambirang, former commander of the Marines and believed to have been under Marine protection since his arrest was ordered last March for plotting a coup, and General Kach Songgram, recently returned exile, are responsible for this attempt to overthrow the regime. While the kidnapping of Phibun was well executed, the rest of the effort gives indication that it was either poorly planned or commenced prematurely since it is doomed to failure unless given substantial support by either the army or police. The navy insurgents appear to be fairly effectively isolated, and negotiations for the release of the Premier are likely to commence in the near future.

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"B" **CHINA. Hong Kong Opinion on Malik's Peace Bid.** US ConGen Hong Kong, in a roundup of Hong Kong opinion on Malik's cease-fire proposal, reports that (a) many persons feel that the original Sino-Soviet terms for a Korean settlement are likely to be brought forward again in negotiations following a truce; (b) one group (including most Nationalists) believe Malik's overtures to be simply a propaganda gesture; (c) another group (the largest) believes that the Communists genuinely wish to end the Korean conflict and achieve their objectives by other means, although these observers note the possibility of Communist aggression elsewhere; and (d) certain "disillusioned former fellow-travelers" feel that the cease-fire proposal was a result of Chinese insistence on either Soviet aid or an end to hostilities, and that the USSR hopes to place on the UN the blame for failure of negotiations and thus convince Peiping that the war must go on. **COMMENT:** The People's Daily editorial endorsement of MALIK's proposal is a departure from the position stated by Premier CHOU En-lai on 2 February, namely, that Peiping "cannot accept" the principle of "cease fire first and negotiations later". However, the editorial does not commit Peiping to a withdrawal or even to a modification of its original terms. The editorial strongly suggests that Peiping will continue to insist on the withdrawal of all UN forces from Korea, and leaves it open to Peiping to bring forward the other two demands as well, i.e., admission to the UN and title to Taiwan. In regard to the final set of opinions stated above, there has been speculation that the cease-fire bid was a result of Chinese unwillingness to persist in the Korean adventure without greater Soviet aid and Soviet unwillingness to risk an expansion of hostilities by providing such aid.

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"B" **Communists Plan to Attack if Peace Talks Fail.** [REDACTED] large Communist forces are building up in the Yalu River area and that, "if Malik's peace overtures fail", a large-scale attack, employing aircraft and tanks, will be launched in the very

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25X1A near future." [REDACTED]. COMMENT: It is unclear whether this report refers to Malik's original overture or to subsequent discussions. If the former, the report is outdated by General Ridgway's invitation to the Communist C-in-C to discuss an armistice. If the reference is to the latter discussions, [REDACTED]

25X1C [REDACTED] on the basis of the observed pattern of Nationalist-Communist negotiations during the Chinese civil war: cease-fire, discussion, Communist intrusions, breakdown of negotiations, and resumption of offensive. There is strong evidence that Communist forces in Korea will be capable of resuming the offensive before mid-July.

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"B" Construction of Railroad to Indochina Border Reportedly Delayed. Despite press reports that the strategic railroad, which now terminates at Nanning in Kwangsi Province, is to be extended to the Indochina border at Chennankuan by mid-July, [REDACTED] states that guerrilla interference and shortage of materials will delay construction. [REDACTED]. COMMENT: Completion of this line will probably not be delayed more than a month or two. The Communists have made strenuous efforts to procure steel rails and other materials for this line, and have been successful in reducing the guerrilla threat to communications in Kwangsi Province.

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"C" KOREA. North Korean POW Reports Hearing War to End Soon. Far Eastern Command reports picking up a prisoner of war from the North Korean II Corps on 28 June who claimed to have hearsay information that the war would be over soon. The POW added that the 38th Parallel would again be the dividing line between North and South Korea. Far Eastern Command comments that this is the first statement of this nature received to date but cannot be evaluated since it originated with a political officer. [REDACTED]. COMMENT: The significant portion of this report is the fact that a Communist political officer should have disseminated the information. There is, possibly, a tie-in with Radio Pyongyang's recent switch from drive-the-enemy-into-the-sea to drive-him-behind-the-parallel.

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"B" North Korean Comment on the Japanese Peace Treaty. Radio Pyongyang on 27 June broadcast the text of the North Korean Foreign Minister's comments of 23 June to the Kremlin on the US proposed draft of the treaty and the USSR's memorandum of 10 June in reply, copies of which were apparently forwarded from Moscow to Pyongyang. The North Koreans agreed "down the line" with Moscow's memorandum and then took advantage of the occasion to protest against the "facts" that the US is utilizing Japanese soldiers in Korea and is "training Japanese volunteers for the Korean front." One innovation was noted in that the Foreign Minister demanded that the North Korean regime "must be granted the right to participate" in the Japanese Peace Treaty. (R FBIS, 29 June 51). COMMENT: It is not believed that there is a

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direct connection between this North Korean communique and the Malik peace bid, although the former carries a 23 June date. It does not appear likely that the North Koreans are seriously advancing any demand for participation in the Japanese peace treaty as one of the political terms for a Korean peace settlement, but rather to offset the South Korean request for participation and thus give emphasis to Communist regime's claim to be the legal government of Korea.

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SECTION 3 (WESTERN)

"C" GERMANY. Economy in Boom Period. April reports show that the West German economy, which was strengthened rapidly through 1950, has reached a new crest of activity. Industrial production has hit a post-war peak; employment in April was at its highest postwar level; and exports also surpassed previous marks, shading imports for the first time since the war. Germany was enabled to repay the special loan received from the European Payments Union during the winter. The grain supply is sufficient to last until the next harvest, and an excellent crop is expected this year. This favorable economic situation had developed even with a reduction in trade with the Soviet bloc. Unemployment has fallen steadily since January, to 1,359,000 of the working population in mid-June. Even this figure, amounting to 9%, is probably high in view of German statistical procedures. Ruhr industrialists plan to fill long-standing investment needs by creating a pool to loan money to the coal, steel, electric power, chemical, and transportation industries for expansion and modernization. April steel production increased by about 10% over March, to reach a total of 1,122,000 tons, and hydro-electric power production set an all-time record.

Coal production, however, even though reaching a new high daily average of 394,000 tons in April, could not keep pace with industry. Coal is in short supply; a fact that continues to handicap the consumer goods industries. Other shortages include steel sheet, metal scrap, non-ferrous metals, and sulphur. At the same time costs are rising, and even the conservative German workers are becoming restive. The index of consumer prices continued to climb in April, reaching 163% of the 1938 level. Labor is striving to increase wages, and the miners threaten to strike for a 14% boost, although in other fields collective agreements are being negotiated without major work stoppages.

"B" FRANCE. Communists Appeal Ban on 15 July Rally. The executive body of the National Council for the Communist-dominated World Peace Movement has announced that it will seek an audience with Prime Minister Queuille to ask for a revocation of the French Government's ban on the rally scheduled for 15 July in Paris (see OCI Daily Digest, 28 June 51). The organization's communique declared that the government's decision was based on the false pretext that the rally is "Communist." Preparations for the rally will continue. [REDACTED] COMMENT: There is little likelihood that the Government will revoke its ban on the rally, and meticulous police precautions will be taken to prevent a formal meeting. The French Communist Party (PCF) can be expected, however, to make a maximum effort for this long-planned event, which is of special importance for the Party's prestige in Moscow, as a test of its "peace" propaganda capabilities in

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Western Europe. The Communist press, outside and within France, will exploit vigorously this opportunity to cast a Western government as an opponent of peace. Nevertheless, no PCF peace demonstration in the past two years has had mass support, largely because the bulk of French Communist voters respond only to PCF appeals on domestic issues.

"B" ITALY. Communists Strengthening Partisan Organization. The Communist Party (PCI), in order to counteract increasing deviationism in its partisan front organization of anti-Fascist guerrilla fighters from World War II (ANPI), has ordered party militants to step up recruiting in the Communist Youth Federation for membership in ANPI. The PCI has also extended the right of ANPI membership to patriots, relatives and friends of the war dead, and others with a good record in the clandestine struggle of World War II. [REDACTED] COMMENT: This campaign, which is assured of success among the Communist youth and will carry considerable appeal to the other groups mentioned, indicates the seriousness with which the party views the continuing defections from the partisan organization. These defections have persisted since the Christian Democratic and Republican membership left early in 1948 and have increased since the withdrawal of Magnani and Cucchi from the Communist Party. The tactic also suggests PCI determination to build up ANPI as a reserve for the party's clandestine para-military organization "apparato" in the event the party is outlawed or war breaks out.

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"B" Communist Leaders Delay Comments on Malik Proposal. While the Communist (PCI) press has given prominent play to statements of various Italian political personalities expressing enthusiasm over Malik's recent peace proposal, no prominent Communist has made any mention of it. It appears that the PCI leaders are suffering from the same indisposition that is afflicting Malik and are awaiting signals from Moscow. [REDACTED]

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COMMENT: The PCI tactic—prominent featuring of statements of non-Communist political personalities regarding the Malik proposal and at the same time withholding comments by PCI leaders—suggests that the party leadership is uncertain as to what position to assume. The party leaders thus are provided with an opportunity to gauge public reaction to the proposal pending instructions from the USSR. The general attitude of the non-Communist press to the proposal has been one of caution and reserve.

"C" Treasury Minister Defends Fiscal Policies. Treasury Minister Pella, speaking before the Milan Chamber of Commerce, has indicated that the recent decline in the wholesale price index may presage a reduction of retail prices and the cost of living. Pella attributes this development to government measures against inflation taken last summer. He pointed out that the dangers facing the Italian economy are (1) a possible shortage of raw materials and consumer goods, (2) a worsening of the balance of payments deficit, (3) excessive increases in state expenditures,

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and (4) an unwise expansion of credit. Pella concluded that Italian economic policy would be aided by the solution of the problems of (1) the control of labor for the peaceful development of production under democratic procedures and (2) streamlining of public administration for greater efficiency. (R FBIS, 27 June 51) COMMENT: Pella's defense of his economic policies is probably in answer to persistent reports forecasting his early resignation. His reference to the "need to control labor" concerns the bill now in parliament regulating the right of government employees to strike, the passage of which appears uncertain at this time. Although Pella's cautious fiscal policy has tended to retard Italy's defense measures, Premier De Gasperi has indicated that regardless of the economic difficulties of the country, such measures will be pushed vigorously.

"B" SWITZERLAND. Swiss Uncertain of Continuity of US Policy. The semi-official Swiss daily newspaper Der Bund comments on President Truman's speech in Tullahoma, Tennessee, by calling it "responsible, big, clear, sure, and confidence-inspiring, as opposed to wild barking of his opponents". General MacArthur's speeches are described as "violent and aggressive"; Senator Taft, as "once thought of as a clever, balanced man who is talking himself out of all credit"; and Senator McCarthy, as "the Senate's top baiter...whose outbursts lead one to ask whether he still is in his right senses". The article adds with concern, "What would happen to America and the world, if these people had come to power or still would come to power?".

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COMMENT: Der Bund's reviews of the US political scene are usually very restrained. This article probably reflects the Swiss government's concern over the continuity of present US policy toward Europe in the event of a change in administration. Such concern will strengthen the determination of the Swiss to preserve their neutrality and will therefore render more difficult US efforts to obtain Swiss cooperation with western export controls to the Soviet bloc.

"C" UNITED KINGDOM. Possible Effect of Iranian Oil Crisis on UK Balance of Payments. Tentative calculations on the possible effect of the Iranian oil situation on the UK's balance of payments position have been provided US Embassy London by a British Treasury official. Under any circumstances, the UK overall balance would suffer a deficit of from 75 to 100 million pounds. The UK dollar balance would be unaffected if the UK could buy Iranian oil and distribute it as at present. Otherwise the UK would suffer a loss on the dollar account of from 75 to 180 equivalent pounds sterling, depending upon its ability to expand alternate sterling area sources of oil, and upon selling arrangements to dollar customers.

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COMMENT: The UK exchequer will be especially hard pressed to compensate for these losses at this time. Britain's balance of payments position is already suffering from the steep rise in import prices under the impact of the world-wide rearmament program, following a vast improvement since the summer of 1949 (see OCI Daily Digest, 20 June 51). The UK's dollar position remains especially sensitive.

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"C" NORWAY. Ranking Naval Officers Dismissed. A lengthy dispute between the Defense Ministry and the naval Commander-in-Chief and the naval Chief of Staff has culminated in the dismissal of the two officers: Vice-Admiral Edward Danielsen, and Commander Hovdenak. The two men have maintained that the defense funds earmarked for the navy are woefully inadequate; but the Norwegian Parliament unanimously accepted the Defense Minister's budget recommendations. (U Washington Post, 30 June 51) COMMENT: The dismissal of the two men will not adversely affect the defense program as projected by the Minister of Defense and subscribed to by the Government and Parliament.

"C" ARGENTINA. Iran May Attempt to Purchase Argentine Tankers. 25X1C
 25X1C. a rumor that the Iranian Minister has approached Senora de Peron regarding the possibility of purchasing Argentine tankers, but thus far no Argentine reaction has been reported. Embassy Buenos Aires has commented that the charter of Argentine tankers by Iran seems 25X1A
 25X1A unlikely and uneconomic, since the Argentine tanker fleet is now virtually all employed. The Government owns 24 of Argentina's 31 tankers. COMMENT: Domestic political considerations would be another deterrent to Argentina's selling any of its new tankers, because Peron points to Argentina's expanding merchant fleet as one of the main accomplishments of his Five-Year Plan.

"C" TRINIDAD, BWI. Cuba's Communist Party Sends Correspondence to Trinidad Communist Movement. 25X1C the Worker's Freedom Movement (WFM) recently received correspondence from Cuba's Partido Socialista Popular (PSP). The correspondence consisted of a newsletter dated 28 March 1951 entitled "Partido Socialista Popular Boletin del Departamento de Educacion Comité Nacional". John La Rose, Secretary of the WFM, reportedly expressed surprise that the organization was known 25X1A
 25X1A in Cuba and stated that he did not know who sent the newsletter. COMMENT: This represents the first indication of any sort of communication between Cuban and British West Indian Communists. Communist liaison within the BWI itself has been limited somewhat and what few connections Trinidadian Communists have had with Communist organizations in the Caribbean area have appeared to be principally with those in Jamaica. Richard Hart, Moscow-trained Communist and Secretary of the Jamaica Youth Council has been in touch with the Communist Youth Movement of Cuba (Juventud Socialista); he is in active correspondence with other Communists in the BWI and is reported to be conducting a "clearing house" for Marxist propaganda.

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CENTRAL INTELLIGENCE AGENCY

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SECTION 1 (SOVIET)

"B" UN Not To Be Involved In Cease-Fire Negotiations. In conversations with the US delegation to the UN regarding a Korean cease-fire, UN Secretary General Lie has expressed agreement with the procedure being followed by the US and hope for a meeting of representatives and military commanders in the field. Lie said that the Unified Command would have full authority to act for the UN. Lie has obtained the opinion of Assistant Secretary General Zinchenko, a Soviet national who supposedly consulted Malik, that the North Korean commander would probably have several Chinese Communist "advisors." The US delegation at the UN comments that the Soviet maneuver and Malik's refusal to see General Assembly President Entezam were designed to bypass the UN Good Offices Committee. The US Ambassador in Moscow has also commented that preliminary negotiations preferably should not be undertaken by the UN since the Soviet attitude toward the UN's position in the Korean war is not clear. [REDACTED]

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SECTION 2 (EASTERN)

"A" IRAN. Prime Minister Will Withdraw Sabotage Law But Remains Intransigent. On Oil. After some urging by the US Ambassador, the Iranian Prime Minister stated that he would withdraw the anti-sabotage law at the next session of Parliament which is to be held on 1 July. The US Ambassador, however, made it clear that he could not guarantee that this would ensure that Anglo-Iranian Oil Company (AIOC) employees would remain in Iran. The Prime Minister, moreover, rejected the consideration of any modus vivendi with the AIOC, even for a short time, on the grounds that the nationalization law abolished the AIOC in Iran, and makes the oil the property of the Iranian Government. Hence, there could be no question of tanker receipts made out to both the Iranian Oil Company and the AIOC. The Prime Minister stated that if the old customers would not buy the oil, there would be new ones, and he mentioned an Indian company, and implied that the Russians would be desirous of getting oil. In reply to the Ambassador's statement that any new customers would not have transport facilities, the Prime Minister replied that Iran's freedom meant more to it than anything else, and that they would see the whole industry closed down before they conceded any point that would be a violation of the nationalization law. [REDACTED]

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COMMENT: The Prime Minister's statements, made apparently before he had any suggestion of a US-proposed "moratorium," presently under consideration, appears to doom this last hope to failure. While the Prime Minister's attitude appears to be that of a dog in the manger, he has been so consistent in advocating the letter of the nationalization law, no matter what the consequences, that it would appear futile to hope for any compromise from him.

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