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30 July 1952

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CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

This digest of significant reports has been prepared primarily for the internal use of the Central Intelligence Agency. It does not represent a complete coverage of all current reports received. Comments represent the immediate views of the Office of Current Intelligence.

DIA AND DOS REVIEW COMPLETED

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THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECS. 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

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GENERAL

1. Moscow urges Japan to consider China "trustworthy ally": A Moscow radio commentary stated that Japan's "struggle for peace, freedom and independence" can be successful only in cooperation with all Asian peoples and that in such an Asian movement the "best example" is that of the Chinese whom the Japanese should consider as their "trustworthy ally and friend." [redacted] 25X1

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Comment: It is increasingly apparent that Moscow intends to focus the attention of the forthcoming Asian-Pacific Peace Conference on the alleged struggles of the Japanese against rearmament and US "occupation." It appears that the USSR, fearful of Japan's traditional predominance in the Far East, may use the conference to entice Japan into an "Asia for the Asiatics" movement under Chinese Communist leadership. This has been suggested by recent Communist broadcasts advising the Japanese to profit from the experience of the Chinese and by a Moscow broadcast which stated that in Asia the people are unanimous in supporting the "remarkable initiative of their Chinese friends." 25X1

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2. Finland shipping radiosondes to China: [redacted] that a consignment of Finnish-made radiosondes was enroute to China in May. The Chinese have had difficulty securing the delivery of this order because of the refusal of the Soviet authorities to provide rail or air facilities for their shipment. The radiosondes were reported to have been sent by sea to Poland and thence to Czechoslovakia where they are at present. The Chinese have made urgent inquiries about the shipment, and attempts are being made to ship them by air to China. [redacted] also stated that the consignment is not marked as radiosondes either on the cases or in the documents, but is entered under other categories of goods. [redacted] 25X1C 25X1

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Comment: During the past two years China has undertaken a program aimed at modernizing and extending the coverage of its meteorological service. This report may refer to the 2000 radiosondes which Finland was reported to have delivered to China in April.

SOVIET UNION

3. No new Soviet aircraft appear in Air Force Day ceremonies: The US Air Attache in Moscow states that, in the "uneventful" air show of 27 July, no prototype aircraft were shown. He further notes that no new Soviet aircraft types, such as the Types 31 and 35, participated in the fly-past. [REDACTED]

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Comment: The absence of both prototype and certain known Soviet models from the Air Force Day fly-past suggests tightened security to prevent further observation of new Soviet aircraft. In the 1951 air show, prototypes of four new jet fighters demonstrated and the Type 31, the first Soviet long-range bomber, was also seen.

Development of the Type 31 and production of the Type 35 are undoubtedly continuing, despite their absence from the air show.

4. Increase of Hoof and Mouth Disease indicated: A poster entitled "Prevention of Hoof and Mouth Disease" has been published recently by the Agricultural Propaganda Section of the Soviet Ministry of State Farms.

The US Embassy in Moscow comments that although this is the first known reference to the disease in two years, its incidence may now have reached sufficient proportions to warrant a poster campaign. [REDACTED]

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EASTERN EUROPE

5. Hungarian bauxite mine criticized for underproduction: The Budapest radio on 28 July attacked the Pecs bauxite mine as "the black spot" of the Ministry of Non-Ferrous Metals, and accused it of producing "barely half of its planned target." The trade union committee of the mine was criticized for not promoting competition

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25X1 [redacted] methods and the management excoriated for "inventing excuses" instead of taking the Five Year Plan seriously. [redacted]

Comment: The Central Statistical Office's report on second quarter results omitted any mention of bauxite mining, probably because of poor results in the industry. The present criticism indicates the extent of non-fulfillment of the plan in one mine.

All the bauxite mines in Hungary belong to MASZOBAL, the joint Hungarian-Soviet enterprise reportedly placed under full Soviet management on 15 June.

6. Rumanian Army receives new Soviet equipment: The American Legation in Bucharest reports that 22 new ZIS-151 trucks belonging to the Rumanian Army were sighted north of Bucharest on 19 July. [redacted]

25X1 [redacted] Comment: This is further evidence that the Rumanian armed forces are receiving new Soviet equipment. Earlier this year, [redacted] have observed approximately 50 YAK-23 jet fighters with Rumanian markings near Ianca in eastern Rumania, over 20 Joseph Stalin heavy tanks in Bucharest, and one JSU-122 self-propelled gun near the tank school at Pitesti in south central Rumania.

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FAR EAST

7. Change in Peiping's propaganda on American air power:
The change in Peiping's propaganda on American air power, since the bombing of the Korean power plants in late June, may shed some light on the Communist failure to offer significant opposition to the bombing.

The previous propaganda emphasized the increasing strength of the Communist Air Force in Korea in contrast to the American air weakness. The current line features denunciations of UN air attacks as atrocities and provocations.

The Communist failure to challenge the American bombers was generally attributed to surprise. The new line, emphasizing moral issues rather than material power, suggests the possibility of a much lower combat capability than has been supposed. [REDACTED]

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8. Peiping's possible reaction to British decision on former Chinese aircraft: Peiping's reaction to the British decision to award the 40 aircraft impounded at Hong Kong to the Chennault-Willauer interests is expected to be prompt. Last year when the Hong Kong government requisitioned a 15,000-ton oil tanker claimed by both Communists and Nationalists, Peiping retaliated by requisitioning the Chinese properties of the British Asiatic Petroleum Corporation.

At the present time, Peiping can increase its already exorbitant financial demands against British firms and thus hinder the plans of these firms to settle all claims and withdraw from China. [REDACTED]

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9. [REDACTED] official in Indochina expresses deep pessimism: [REDACTED] has told the American Consul in Hanoi that Letourneau has accomplished nothing since his return to Indochina and that his lack of leadership has rendered hopeless the task of the remaining [REDACTED] civil officials.

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The [REDACTED] official also stated that Bao Dai was "for nobody but Bao Dai" and that it had long been obvious that he was a failure. [REDACTED]

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Comment: This criticism of Letourneau has been expressed by other sources. While most [redacted] officials have little respect for Bao Dai, they still believe he is useful as an intermediary for dealing with the Vietnamese leaders.

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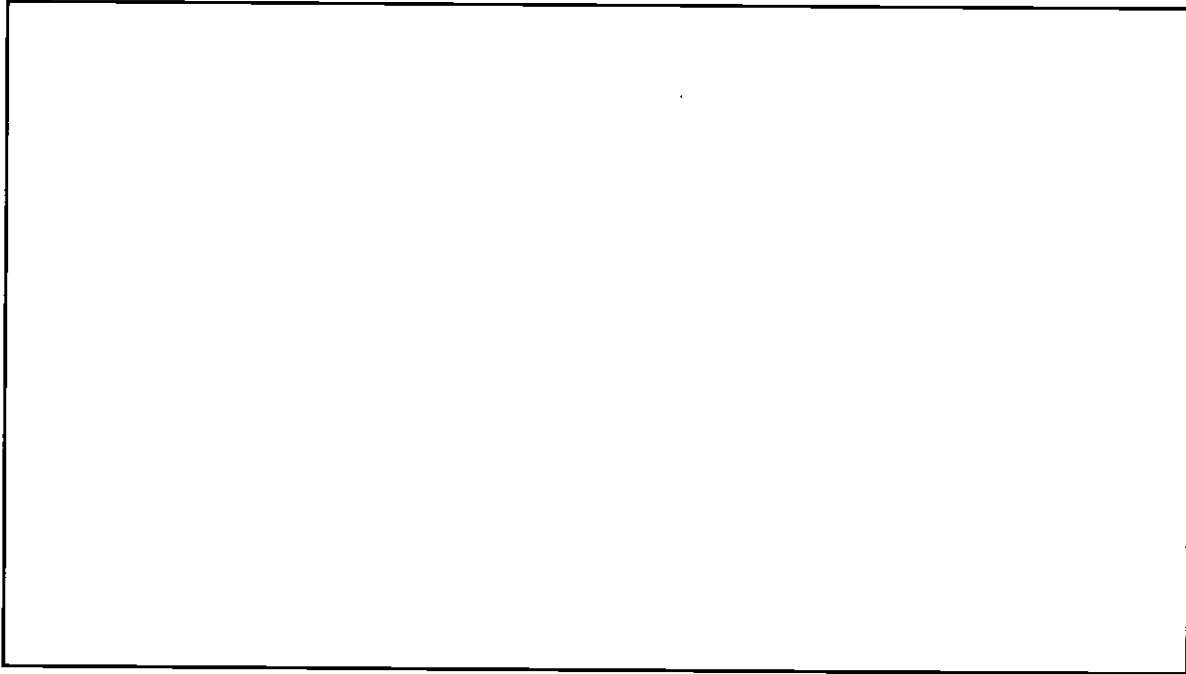
10. Nationalist Chinese internees riot in Indochina: A 24 July revolt by 1600 interned Chinese Nationalist soldiers working as "volunteers" in coal mines near Hongay in northern Vietnam was quickly quelled, according to a MSA labor consultant who recently visited that area. The riot began when the Chinese soldiers refused to obey a French work order; two French officials were held captive until the arrival of armored cars forced the rioters to capitulate. [redacted]

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Comment: Previous reports concerning Chinese Nationalists interned on an island off the southern coast of Indochina indicated a similar state of unrest, plus a considerable degree of Communist infiltration.

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12. Burmese commander promises campaign against Chinese Nationalists: At the end of a week-long conference with his field commanders, Burmese Supreme Commander Ne Win announced that the army would continue operations against the insurgents and would mount a campaign to drive the Chinese Nationalist forces out of northeastern Burma.

The US Army Attache in Rangoon comments that this is only propaganda. [redacted]

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Comment: In order to alleviate public criticism, the Burmese Government has felt compelled, from time to time, to have leading officials state that vigorous action is about to be taken against the Chinese Nationalists.

13. Plantation strike threatens Indonesian sugar crop: A strike affecting 24 East Java sugar estates, most of which are in the midst of harvesting, seriously threatens an estimated crop of 450,000 tons of sugar. [redacted]

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Comment: The strike was called in protest against a wage decision of the government's mediation board and undoubtedly was timed to impede the harvest. At the 1951 congress of the Amalgamated Sugar Workers Union, Communists considerably increased their influence in the union.

Although sugar has declined from its prewar position as Indonesia's largest export product, it remains the principal industry of East Java.

NEAR EAST - AFRICA

14. Nationalists in Spanish Morocco demand trade unions: An editorial in the 15 July issue of the Spanish Moroccan nationalist newspaper, Al-Umma, called for the establishment of labor "syndicates" for Moroccans. Appalling working conditions, especially for women, was the principal argument for such a move. Although the compulsory labor law of 27 October 1937 provides for optional membership for Moroccans, the nationalists state that Moroccans are unwilling to join these Spanish syndicates "because their problems are different." [redacted]

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Comment: Although the establishment of nationalist unions would spotlight the lack of freedom in Spain to establish trade unions, Spanish officials might assent in this instance as a part of their heckling campaign against authorities in French Morocco. After several years of complete suppression of political activities in Spanish Morocco, authorities revoked their ban at the same time that French authorities stiffened against nationalists in their zone, thereby causing considerable annoyance to official circles in Rabat and Paris.

15. Medical panel reports Tunisian nationalist leader is in good health: According to the Residency General, a panel of three French Algerian physicians has made a preliminary report stating that Habib Bourghiba, imprisoned Tunisian nationalist leader, is in good health but "very depressed." The Residency added that Bourghiba has complete freedom of action on the island of La Galite, off the northern coast of Tunisia, including access to books, radio, and conversation with any of the island's 400 residents, many of whom are fishermen.

The Residency may issue the doctors' findings in a communique.

Comment: The Residency will probably give this medical report wide circulation to combat persistent rumors that Bourghiba was ill.

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WESTERN EUROPE

16. East Germans pressure Swiss on official recognition: For the past three weeks the Swiss Commercial Attache in Berlin has found it impossible to transmit to the competent East German official any matters of a diplomatic nature. Since the 9 July announcement at an East German party conference that the "Swiss had proposed to establish normal relationships" with East Germany, former contacts of the Attache in the East German Ministry of Foreign Trade have either been "unavailable" or have refused to accept communications of a noncommercial nature.

The Swiss Attache believes that the East German Government has directed that these irregular contacts with Switzerland be severed until the Swiss give diplomatic recognition to the East Germans. [REDACTED]

Comment: The Swiss Government has recently denied any intention of granting de jure recognition to the East German Government, but has acknowledged its interest in some arrangement which would protect Swiss nationals and property in East Germany. Rejection by the East Germans of informal understandings indicates the importance they attach to official recognition.

17. New East German youth labor service seen as Communist compromise on conscription: American officials in Berlin believe that the planned formation of East German youth labor battalions is a typical "Communist compromise" designed to permit the East German Government to create a "readily available labor force," to overcome youth resistance against military service, and to establish a military manpower pool without formal conscription.

Recruiting is expected to begin immediately for 660 youth brigades to be quartered in 66 labor camps. About 50,000 to 60,000 East German youths seventeen years old and older will probably receive "pre- and para-military training" in the new "Service for Germany" organization each year. [REDACTED]

18. East German Government moves to curb flight of intellectuals to the West: The East German Ministry of Interior is reliably reported to have ordered last June the confiscation of property and the resettlement of families left behind by East German scientists who move to West Germany or West Berlin. East German

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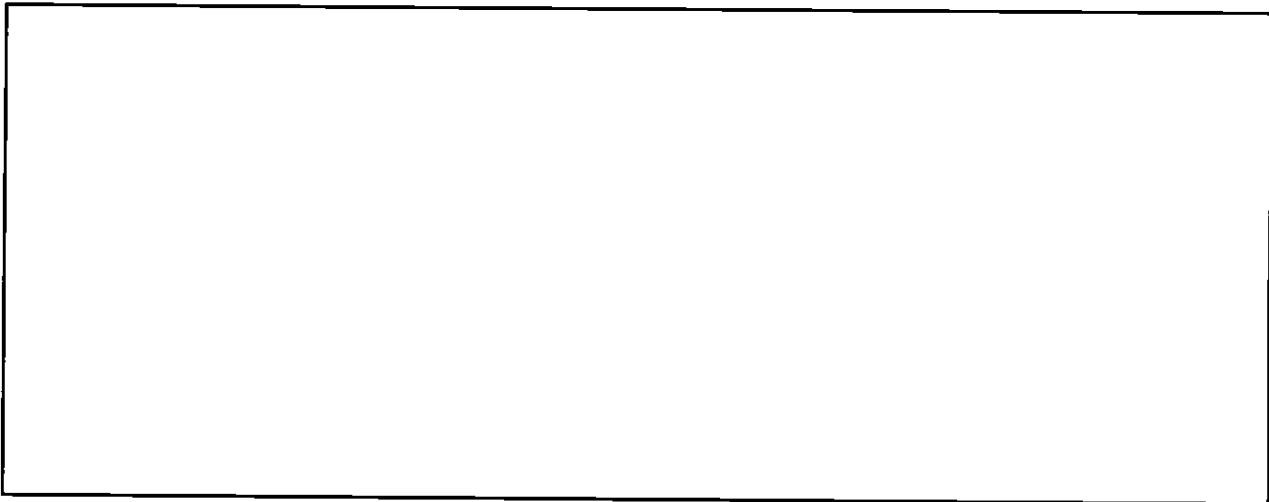
authorities have allegedly been instructed to "exercise control" in preventing intellectuals from obtaining permission to make such a move.

American officials in Berlin believe that the new directives are intended to prevent the flight of sorely needed scientists and to minimize contacts between East and West zone inhabitants.

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Comment: Expectation of further deprivations in consequence of new policies in East Germany has, despite increased border restrictions, considerably increased the number of refugees in West Berlin during the last month. This new retaliation against property or families of refugees may not serve its purpose; such measures need publicity to be effective, and publicity could increase rather than curb the flow of refugees to the West.

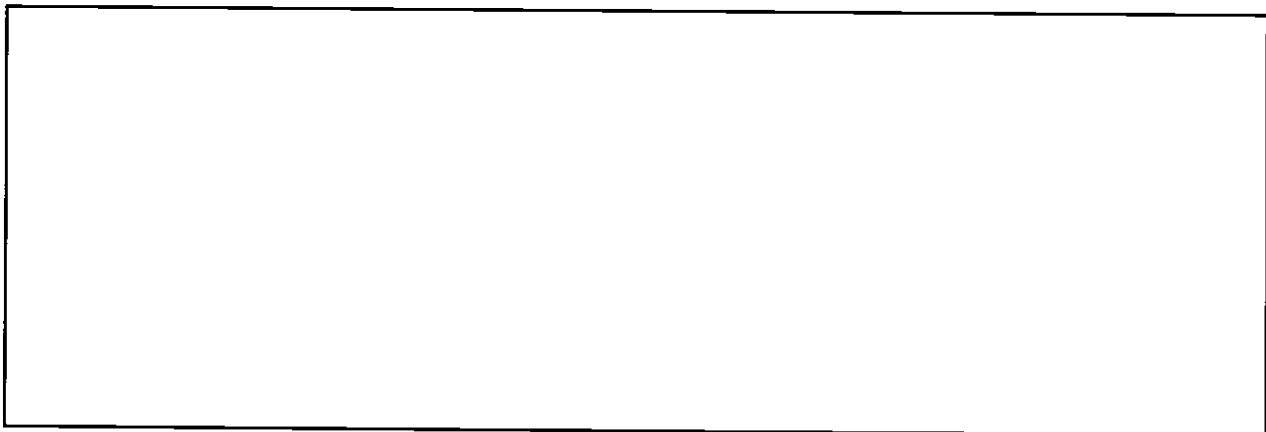
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21. Some Belgian Army conscripts riot against 24-month service period: Belgian newspapers report that there have been three recent riots in the army barracks in Brussels and Namur among the conscripts who had completed 18 months of military service and who were protesting the 24-month period. According to a Liberal Party newspaper, there have been "similar less serious incidents" elsewhere in Belgium.

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Comment: Although the government has promised to reduce the service period to 18 months, unless the other EDC countries increase their conscription period to 24 months, such a step would mean a delay in the fulfillment of Belgium's military commitments to NATO.

The government may find it politically infeasible to hold off the release of Belgian inductees until the end of the year, if there is continued unrest.

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22. Dutch Communists plan "shadow party" organization; [Redacted]

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[Redacted] the Dutch Communist Party is planning to select "shadow party" members in Amsterdam and three provinces. In Amsterdam alone, 800 ten-man groups are scheduled to be headed by a top committee of three. The central lists are to be kept in code.

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The over-all scheme is apparently still in the developmental stage and few actual selections have been made. [Redacted]

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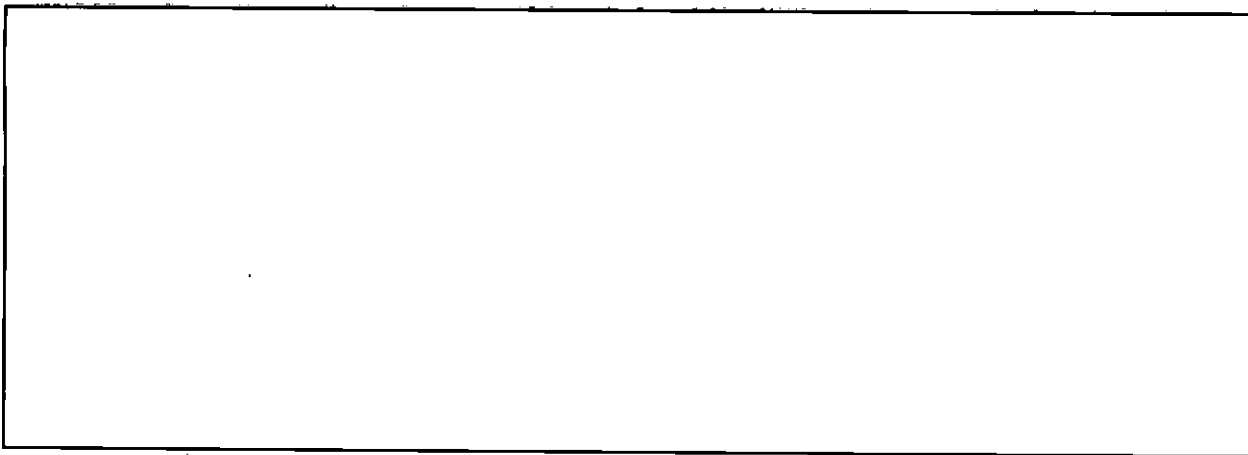
Comment: According to a recent report, the Dutch Communists are planning to provoke the government into placing a formal ban on their party, thus giving them the impetus to go underground.

LATIN AMERICA

23. Cuban counterrevolutionaries reputedly promised assistance by Mexican president-elect: Prior to his election on 6 July, Adolfo Ruiz Cortines, Mexico's president-elect, reputedly held

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TOP SECRET SUPPLEMENT

TO THE CURRENT INTELLIGENCE DIGEST

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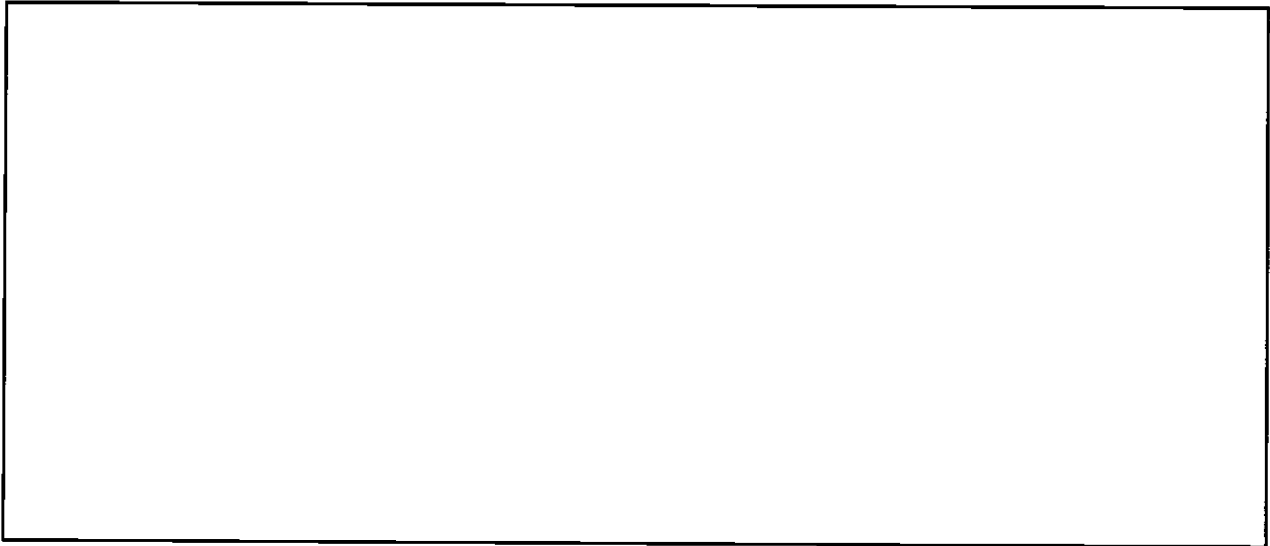
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WESTERN EUROPE

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Spain demands higher price for base agreement with United States: Foreign Minister Martin Artajo has "personally" suggested to Ambassador MacVeagh that Spain's price for a base agreement is not only greater military aid than the United States is now offering, but also a preliminary agreement giving assurances of American support in the event of war.

Ambassador MacVeagh comments that the Spanish Government's reluctance to proceed with negotiations on the limited basis proposed by the United States stems from the argument that Spain's increased jeopardy under the agreement obligates the US to provide sufficient aid for Spain's self-defense. Furthermore, Franco fears that publication of the actual amount of aid to be received, after the expectations aroused by the controlled press, will stir

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up dangerous resentment against himself, particularly in the army.

The Ambassador does not believe that Franco intends to break off the negotiations. 25X1

Comment: In an "informal" memorandum, the Spanish Government recently asked for a military and economic aid program of far greater scope than is now projected and an agreement for the construction of bases whose use by American forces would be subject to later negotiation. It suggested that if these terms could not be met, aid now available be released at once and negotiations for the base agreement postponed until enough aid were authorized to meet Spain's demands.

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