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SECURITY INFORMATION

16 November 1951

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DAILY DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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SECTION 1 (SOVIET)

1. USSR. Soviet Union reportedly sends 15 Austrian oil technicians to Iran:
The Soviet Oil Administration in Austria (the SMV) has reportedly sent 15 oil technicians to Iran to instruct the Iranians. [REDACTED] 25X1C
25X1C [REDACTED] the group consists of engineers and drillers and is known as the Austrian drilling delegation. [REDACTED] 25X1A

Comment: The processing of oil technicians in eastern Austria, for possible work in Iran, has been reported several times in the past months. There is no evidence to date that any technicians have arrived in Iran. Skilled technicians could be spared from the oil operations in eastern Austria, however, if and when they might be accepted by the Iranian Government.

2. Increased Soviet activity near Spitsbergen: [REDACTED] 25X1C
25X1C [REDACTED] Soviet merchant tonnage in the Barents Sea has increased by 199 ships (160 of which are trawlers) since March 1951. Although there has been a growing demand for fish by the increasing population of northwestern areas of the USSR, [REDACTED] the 25X1A increasing activity may be related to the recent strong Soviet notes to Norway.

- 25X1C [REDACTED] the increase of merchant shipping plus the presence of three Soviet cruisers and smaller naval units suggest the possibility of a move against Spitsbergen, which would not have been possible last year. [REDACTED] 25X1A

Comment: The increase of shipping activity since March may be explained by the normally increased shipping during spring and summer months, and the usual presence of Soviet shipping fleets in northern waters.

3. BULGARIA. Importance of women in leadership stressed: In speeches delivered before the third national conference of distinguished agricultural cooperative workers on 8 and 9 November, Premier Chervenkov and Minister of Agriculture Stoilov laid great emphasis upon the importance of women in the cooperative movement. Remarking on the hesitancy shown by the cooperative workers to elevate women to positions of leadership, Stoilov stated that "we must at all costs put more women in managing positions." Urging that more women be offered positions of responsibility and leadership in the cooperatives, villages, okoliyas, okrugs, and in the national government, Chervenkov noted that women "represent a great power. A broad road must be cleared for this power; it must be given priority."
(R FBIS Sofia, 8, 9 Nov 51)

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Comment: The strong emphasis given to this problem during recent months would appear to reflect a growing shortage of labor within Bulgaria.

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4. Russian general reported civil airline chief: [REDACTED]

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[REDACTED] the chief of TABSO, the Bulgarian-Soviet Air Transport Company, is a Russian general. [REDACTED] all scheduled civil air services in Bulgaria are operated by TABSO, which is said to operate ten DC-3 type aircraft of Russian construction. International flights are routed through Sofia-Bucharest-Prague in agreement with the Czechoslovakian airline, CSA, and through Sofia-Bucharest-Odessa-Kiev-Moscow by arrangement with the Soviet Civil Air Fleet. Occasional special and charter flights to Budapest, Warsaw and Berlin are also said to be arranged by TABSO. (C Rome Desp. 871, 9 Oct 51)

Comment: This information contradicts an August report concerning an alleged incorporation of Satellite state-owned airline companies into the Soviet Civil Air Fleet. (See O/CI Daily, 23 Aug 51). If this estimate concerning TABSO equipment is correct, doubt is also cast upon recent Bulgarian claims of significant improvements in civil aviation, including acquisition of "new and comfortable" equipment. (See O/CI Daily 31 Aug 51) This is the first indication that TABSO might be directed by a Russian officer.

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5. RUMANIA. Rumanian amphibious maneuvers reported: [REDACTED]

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[REDACTED] amphibious maneuvers involving Rumanian army, navy, and air elements were held in mid-October in the Mangalia-Albesti area south of Constantza. Colonel General Emil Bodnaras, Rumanian Minister of the Ground Forces, and Soviet military officials reportedly were in attendance. [REDACTED]

Comment: This is the first report of amphibious maneuvers and is unconfirmed. Although Rumanian naval forces probably have had training exercises of this type, the level of army training for this type of operation is probably low. It is, therefore, doubtful that the army attempted maneuvers of such complexity. An army unit, the 25th Motorized Brigade, subordinate to the commandant of the sea forces, has responsibility for defense of the Black Sea Coast and could well have been involved in a coastal defense maneuver. Soviet forces are also present in the area.

6. YUGOSLAVIA. Yugoslavia sends notes to Bulgaria and Rumania charging unfriendly acts: Yugoslavia has officially protested against the aggressive policies of Rumania and Bulgaria. The Yugoslav notes to Bucharest and Sofia call attention to a number of border violations perpetrated by

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its two eastern neighbors. The Rumanians are charged with 24 provocations in 35 days, from 10 September to 15 October, and Bulgaria with 140 provocations during the ten-month period from January to October. (R. FBIS, 13-14 Oct 51)

Comment: These latest protests follow closely a similar note delivered to Budapest last week. The timing of the submission coincides conspicuously with the submission to the UN General Assembly of a formal Yugoslav complaint charging the USSR and her Satellites with unfriendly acts and pressures.

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The Hague reports Yugoslav trade with the Satellites: US Ambassador Chapin at The Hague reports that following up a hint [REDACTED] 25X6 [REDACTED] the Embassy learned [REDACTED] that in June, 470 tons of Yugoslav lead, embargoed under the Western Export Control Program, were transhipped through the Netherlands to Eastern Europe: 200 to East Germany, 170 to Czechoslovakia, and 100 to Poland. In August, 1,597 tons were shipped to Satellite countries: 297 to East Germany, and 1300 to Poland. (S The Hague 457, 9 Nov 51)

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[REDACTED]

There is no reason to believe that the Yugoslav Government is aware of the final destination of this shipment. In the past, the Yugoslavs have attempted to prevent the shipments of their products to the Satellite countries. In late June the Yugoslavs asked AMG in Trieste to stop a ferro-chrome shipment because they had reason to believe that it was destined for Czechoslovakia. Further, in June, the Yugoslavs turned down a Swiss offer to buy a considerable quantity of lead on highly advantageous terms in dollars because they learned that the shipment was likely to find its way to Satellites.

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SECTION 2 (EASTERN)

1. GREECE. Greek UN delegates suggest dissolution of UNSCOB: Greek UN delegates have told US delegates in Paris that, in the opinion of their government, the Greek situation no longer requires the maintenance of UN observers. The Greeks believe that UNSCOB should be terminated without a successor body at this time. If, in the future, Greece feels the need for renewed observation, this could be arranged through an interim committee. (S Paris DELGA 139, 10 Nov 51)

Comment: Greece has previously favored the retention of UNSCOB and in this had the support of most of the UNSCOB representatives, if not of their governments. Recently, however, some Greek officials had indicated that they supported the US-approved suggestion that UNSCOB be replaced with a subcommittee of the Peace Observation Committee which would not include Soviet or Satellite observers. Agreement to abandon any observation committee in the Balkans should eliminate any possible dispute at the impending GA discussion of the question and make it unnecessary to urge the POC subcommittee on Turkey or Yugoslavia, who are reluctant at this time to accept border observers.

2. IRAQ. Iraq offers plan to break Anglo-Egyptian impasse: Iraq's Prime Minister, Nuri Said, has suggested a plan to break the current Anglo-Egyptian impasse.

25X6 [REDACTED] Nuri's plan apparently provides that each Middle Eastern country should have its own "regular troops" and should also seek "auxiliary troops" from other nations to supplement its own forces. [REDACTED] is reportedly not very hopeful that Nuri's efforts to conciliate current Anglo-Egyptian differences will produce results, but it does believe that these attempts, which are Arab in origin, are in the right direction. (S Paris SECTO 37 and 39, 13 and 14 Nov 51)

Comment: While Arab leaders continue privately to express interest in and promote the concept of the Command, their public statements reflecting popular sentiment resolutely support Egypt.

3. INDIA. Communist Party of India adopts new policy: According to the Indian press, the Communist Party of India has finally adopted the party's draft policy statement, first published in May 1951 (see Daily Digest 5 Jul 51). The policy aims at creating a united front of workers and peasants under the leadership of the working class to participate in the forthcoming national elections. It does not eschew the use of violence, although the party's General Secretary, A. K. Ghosh, stated on 8 November that the party would resort to violence only after exhausting all peaceful methods. The press has also reported that five members of the Indian

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Politbureau, including former General Secretary Ranadive, were suspended from party membership for from two to six years. (U New Delhi 1691 and 1694, 10 Nov 51)

Comment: It seems apparent that the united front line of last May is to be followed until after the national elections and that prominent Communists, whose names are associated with policies of violence are, at least publicly, being censured.

4. INDONESIA. Strict press censorship evident on military movements: During the past week the local press contained fewer reports on insecurity than during any similar period within the past several months. The Army Attache states that the complete absence of reports on military movements in West Java and the Celebes probably are the result of a very strict press censorship. (C Djakarta 704, 10 Nov 51)

5. Police placed under immediate direction of Prime Minister: The Indonesian "State Police" reportedly have been placed under the immediate direction of the Prime Minister. Formerly, the police were administered by the Minister of Home Affairs. The US Army Attache assumed that the term "State Police" is intended to mean the National Mobile Police Brigade. (C Djakarta 704, 10 Nov 51)

Comment: The Mobile Police Brigade is a force of 25,000 men which has been intensively used, with the support of Army troops, to enforce security. Within recent weeks the Prime Minister has appeared to assume more immediate responsibility for internal security than either the Minister of Home Affairs or the Defense Minister. This development and the transfer of the Police Brigade to the office of the Prime Minister are probably part of a concerted effort by high level officials to achieve a more rapid and effective implementation of security decisions.

6. THAILAND. Thai concerned over cost of aid programs: The US Embassy in Bangkok reports that consideration of the 1952 budget has "brought home" to the Thai Government that the various aid programs of which it is the beneficiary entail considerable expenditures. While it is the Embassy's opinion that Thailand is unquestionably able to bear this financial burden, the growing Thai concern may necessitate that the US recommend financial measures which would obviously be politically unpopular. (C Bangkok 1067, 8 Nov 51)

Comment: The unpopular recommendations the Embassy has in mind are tax reforms, more effective mobilization of domestic capital, and the elimination of "squeeze," protection and kickbacks in official circles.

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7. Sarit's position enhanced: On 1 November the entire Government lottery board was fired and General Sarit, Assistant Commander in Chief of the Thai Army, was appointed the new chairman. The US Embassy in Bangkok comments that the presentation of this "juicy plum" to Sarit is evidence of his growing importance and that he may supersede Police Director General Phao as Thailand's number one strongman. (C Bangkok 1066, 8 Nov 51)

Comment: There have been a number of reports indicating that Premier Phibun has been building up Sarit in order to reduce Phao's increasingly aggressive influence. The description of various generals as "strongmen" of Thailand appears to be an exaggeration. Until he is deposed, Phibun is the dominating authority in the country.

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8. CHINA. [REDACTED] Soviet position in Manchuria: A former [REDACTED]

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25X6 [REDACTED] power in Manchuria is in Chinese Communist hands, but that important posts are held by Moscow-trained Chinese whose devotion to Soviet interests is "complete." [REDACTED] no Soviet combat units have been observed recently in Harbin or in Mukden, nor is there evidence of the presence of "international volunteers"; and that the Communist authorities, who reportedly intend to "rid Manchuria of all foreigners" in the next few months, are now encouraging rather than hindering their departure. (S Paris 2842, 13 Nov 51)

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Comment: Although other Western observers have also reported that Chinese authority in Manchuria appears undisputed, the Soviet position in the area, which is dominated by Chinese Stalinists under the supervision of Soviet advisers, is strong. Other sources agree on the lack of evidence of the presence of "international volunteers" or of Soviet combat units outside the Port Arthur naval base area. It has long been assumed that the Chinese Communists intend to expel all remaining Westerners from Manchuria.

9. Hong Kong enforces export control regulations: Suspecting that a cargo of steel consigned to Pakistan was in fact destined for Communist China, the Hong Kong authorities investigated before the vessel departed. When the broker would not disclose the owner of the goods nor the documents of sale, the Government ordered the steel discharged from the ship and stored in a controlled warehouse.

Upon being congratulated by an officer from the US Consulate General for this prompt action, Hong Kong's newly appointed Director of Commerce and Industry declared that it was his intention to administer controls very strictly in an effort to reduce clandestine trade with the Communists. (C Hong Kong Desp. 611, 27 Sep 51)

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Comment: This incident is illustrative of Hong Kong's inefficiency in applying its export controls. Since June 1951, Hong Kong has banned the export to China of a wide range of strategic items. Although permitted exports from Hong Kong (e.g., of pharmaceuticals) continue to be substantial, over-all export volume has dropped sharply.

10. KOREA/CHINA. Chinese Communist press maintains ambiguous tone: A 14 November Chinese Communist press review broadcast comments on the cease-fire "intrigue" of the UN and observes that the Chinese will "continuously intensify their effort to strive... for success of the Korean armistice negotiations. At the same time, they are fully prepared to fight and frustrate the American attacks and to compel the enemy to accept a just peace. . . ." (R FBIS Ticker Peiping, 14 Nov 51)

Comment: This broadcast is of particular interest in view of the phrase "frustrate the American attack." While this may be interpreted in the broader sense of defending China and Korea from American "aggressors," it may equally well be interpreted as meaning a continuation of the present enemy defensive action in Korea.

11. KOREA. Communist counter-propaganda follows UN's atrocity announcement: A 15 November Chinese Communist broadcast for domestic consumption presented a Korean commentary on "an accusation against the American murderers." The commentary indicts, on the basis of "ironclad evidence," the American "aggressors" as murderers, and asks the Chinese people to "avenge the hundreds and thousands of Korean victims murdered by the American executioners." (R FBIS Ticker, 15 Nov 51)

Comment: Apparently interpreting recent UN charges of Communist military atrocities as propaganda, the Communist propaganda machine has reacted by reviving a story of UN combat atrocities.

Communist atrocity propaganda regarding Korea has nearly exhausted the possibilities of inhuman behavior, including genocide and the use of POW's in atomic bomb experiments.

12. JAPAN. Anti-Emperor organization dissolved: Kyoto University has ordered the dissolution of the Dogaku-Kai, leftist-controlled student organization which allegedly planned the demonstration against the visit of the Emperor on 12 November. (U FBIS, 15 Nov 51)

Comment: The Japanese strongly objected to the Occupation-directed deletion of the lese majesty clause from the criminal code in 1947. The

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Kyoto incident, which was followed a few days later by the posting of anti-Emperor slogans in Otsu, will lead to strong pressure for the reestablishment of special legal protection for the Emperor's position. Angry Diet members immediately after the incident demanded remedial action by the Minister of Education.

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4. AUSTRIA. Union of Independents charges Socialist-Communist labor cooperation: The Union of Independents (VdU) newspaper, The Independent, charged editorially last week that the Socialists and Communists are cooperating in the current shop-steward elections. The paper alleges that, through Socialist support, a Communist was named chairman of the shop-steward council of the Lend Aluminum Works although only three of the nine council members are Communists. In return for this support, the paper asserts, the Communists will vote for a Socialist chairman of the council in the large Kaprun hydroelectric project in the province of Salzburg. The VdU organ attributes this Socialist-Communist "fraternization" to the common Marxist origins of the two parties. (R FBIS, Der Unabhaengige, Salzburg, 10 Nov 51)

Comment: As a result of the shop-steward election referred to above, the nine seats on the shop council were equally divided among

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the Communists, Socialists, and VdU. This was a very considerable achievement for the VdU and an apparent defeat for the Socialists.

The Socialists, who are firm in their opposition to the Communists, have after some equivocation adopted an equally firm attitude toward the VdU -- which they regard as neo-fascist and disruptive to the Austrian coalition. It is therefore possible that in western Austria the Socialists may be willing to support Communist candidates in isolated instances where the VdU has achieved some successes among the workers. Such support should not be interpreted as indicating a weakening of general Socialist opposition to cooperation with the Communists.

5. Socialist Congress expresses confidence and affirms support of the coalition government: In the first Congress of the Austrian Socialist Party (SPOe) since its victory in the presidential elections last spring, Socialist leaders hailed the strength of Austrian socialism and of postwar European socialism in general. Pointing to the Socialist presidential victory and to the success of the party's recruitment campaign, Chairman Schaerf declared that, in contrast, the Union of Independents is tottering from one crisis to another and that the Communist Party loses strength each year. Schaerf continued that, while Socialist collaboration with either radical party is out of the question, both the world situation and Austria's internal policy require the cooperation of the two government parties. Future Austrian elections would determine whether the People's or the Socialist Party is the stronger, but it is unlikely that either would achieve a clear majority.

Schaerf and other Socialist speakers demanded a continuation of the housing program, new measures to support the purchasing power of the schilling, a full employment policy, prosecution of profiteers, and an anti-cartel law. (R FBIS, Vienna, RAVAG, 10 Nov 51; P Vienna 1710, 13 Nov 51)

Comment: This strong Socialist support of the coalition government is in contrast to the frequently expressed view of Socialist leaders that the coalition is disintegrating because of People's Party weakness. Vice-Chancellor Schaerf informed the US Embassy during the Socialist Congress of his fears that the People's Party had insufficient control over the farmers to permit proper economic controls in Austria. There is little doubt that the Socialists' support of the coalition is genuine, as indicated in their moderate demands on the People's Party and their opposition to the Union of Independents.

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6. ITALY. Budget Minister now favors greater defense expenditure: A US official in Rome has indicated that Budget Minister Pella has indicated a changed attitude toward greater Italian expenditures for defense. He reports that if Pella can be encouraged in this new attitude, the American task of getting an adequate Italian defense program will be greatly facilitated.

Pella has indicated that for political reasons Parliament will be presented with a civilian investment program of approximately the same size as that of the expanded defense program. However, the increase in cash expenditures under the civilian investment program will be spread over several years, while increases in cash expenditures for the defense program will be telescoped. (S Rome TOECA 1240, 6 Nov 51)

Comment: Pella has obstructed an adequate defense effort and because of his fear of inflation it is difficult to anticipate the materialization of such a program.

Pella's change of attitude on defense spending may in part be occasioned by the large Italian surpluses in EPU, the reduced level of activity in the metal-mechanical sectors of Italian industry, and the strong pressure within Italy from industrialists for an adequate defense effort.

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10. ARGENTINA. Top army command shifted: The President's press office has announced extensive changes in the top army command ranging from the Commander in Chief down through three armies and eight divisions. It was explained that nine of the generals affected had requested retirement in order to facilitate the promotion of younger officers to high posts. The new Commander in Chief, who replaces Lieutenant General Angel Solari, is Major General Alfredo Avalos. (U NY Times, 15 Nov 51)

Comment: General Solari has been reported to be the leader of a revolutionary group, but until now he and other powerful generals have continued to give Peron at least conditional support. There have been indications that the army would prefer to have Peron remain in power subject to their terms. The retirement of these key generals is probably a lightly-camouflaged attempt to neutralize army influence, and it may spark new efforts to oust Peron.

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SECTION 2 (EASTERN)

1. LEBANON. Lebanon's position toward Middle East Command hardens: Lebanon's position is hardening against the Middle East Command proposal. It is rapidly reaching a point where cooperation with the West will be difficult pending settlement of the Egyptian affair.

The US Minister in Beirut voiced this opinion after noting the government's unwillingness to oppose public opinion on the Egyptian issue. The Minister felt that his general impressions were supported by a statement made to him by a Lebanese Parliamentary deputy who said: "I think we are now in a position to dictate terms to you, and if I were the responsible government official I would make them hard." (C, S/S Beirut 504, 13 Nov 51).

Comment: In the past weeks Lebanese officials have not only privately expressed interest in the Middle East Command but have urged other Arab leaders to assist them in a cautious promotion of Arab consideration of Command proposals. If Lebanon, with its progressive and relatively westernized population, is now inclined to go along with militant nationalism, there is little hope that other Arab States will react favorably to the Command.

SECTION 3 (WESTERN)

2. PERU. Admiral Saldias interested in acquisition of cruiser: Admiral Saldias, during his trip to the US later this month, plans to inquire in Washington as to whether Peru can hope to purchase a cruiser. If such a purchase is out of the question, he could be free to dispose otherwise of the funds now reserved for that purpose. (C, S/S Lima 260, 14 Nov 51).

Comment: With the announced successes in Korea of the battalion sent by Colombia, Peru's traditional rival, Admiral Saldias may be prepared to discuss the acquisition of a cruiser for the purpose of increasing the prestige of the Peruvian military establishment. On the other hand, it is possible that he may be willing to discuss the sending of a contingent to Korea in accordance with the informal Peruvian promises of last April.

Admiral Saldias is the Minister of Navy and has the reputation of being more pro-US than most members of the current Peruvian administration.

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