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21 December 1951

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DAILY DIGEST

Office of Current Intelligence

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NAVY and DOS review(s) completed.

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SECTION 1 (SOVIET)

1. USSR. Showdown on Soviet Agrogorod Plan indicated: A book review published in the October issue of Soviet Book reaffirmed the position taken by Pravda in March 1951 against the resettlement of the population of merged collectives into centralized agrogorods -- new "agricultural cities." In this connection, the review recommended taking "local conditions" into consideration when implementing mergers.

25X1 A more significant article in Socialist Agriculture, written by an official of the Ministry of Agriculture, stressed the danger of carrying the physical implementation of the mergers beyond economically feasible limits. [REDACTED]

Comment: These articles bear out the suspicion that the controversial topic of agrogorods has been permitted to lie dormant in recent months. Economically speaking, it is conservatively estimated that the building of a new "agrogorod" would amount to three million rubles, and thus on an all-Union scale the costs of such a program would reach staggering proportions.

2. German scientist reported heading advanced Soviet physics program: A recent Spanish broadcast to America quoted a Stockholm dispatch to the effect that the German scientist Gustav Hertz supervises all work on Soviet atomic energy and is presently in charge of the Soviet advanced physics program. The article claims that German and Scandinavian scientists who have established contact with Hertz believe that Hertz is playing a "very important" role in Soviet atomic research, radar, and supersonic aviation. Hertz is described as being 74 years old, in excellent health, and as having won the Nobel Prize for Physics in 1925. He is reported to be surrounded by a circle of some 200 scientists, in addition to groups of Russian and German students who aid him in his work. [REDACTED]

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Comment: Hertz was formerly director of the Siemens and Halske research laboratory and a member of the Kaiser Wilhelm Institute in Charlottenburg. Various members of this group including Hertz were "removed" to the Soviet Union, where they are known to be located at Sukumi on the Caspian Sea. While it is known that Hertz is playing an active role in the Soviet atomic energy program, there is at present no justification for assuming that he is in charge of the entire advanced physics program.

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3. CZECHOSLOVAKIA. US Embassy asks Czech Foreign Ministry to investigate disappearance of American soldier: The US Embassy in Prague has requested the Czech Foreign Ministry to investigate the possibility that a missing American soldier is in Czechoslovakia. The soldier, who is a private assigned to a constabulary border post, disappeared on 12 December. Tracks in the snow near his outpost indicated that he might have been captured by the Czechs. [REDACTED]

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4. POLAND. Soviet Army women arrive in Poland: The US Embassy in Warsaw reports that girls of 18 to 20 years of age in Soviet infantry uniforms were seen in Legnica during the latter part of November. [REDACTED]

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Comment: Legnica is the headquarters in Poland of the Soviet Northern Group of Forces. This is the first report of Soviet army women arriving in Poland and there is no indication yet of the number involved.

Soviet army women have also arrived in East Germany, the Soviet Zone of Austria, and Hungary. No definite estimate can be made of the number, although recent reports indicate that a total of from 7,500 to 10,000 Soviet women, civilian and military, have been brought into East Germany since last July.

The chief reason for the replacement of native female civilians working at Soviet military installations by Soviet military and civilian women appears to be a desire to further increase Soviet security measures in Eastern Europe. There is no indication yet that the total replacement of indigenous employees in Eastern Europe is contemplated by the USSR.

5. YUGOSLAVIA. Cominform delegates on Danube Commission adopt constructive attitude towards Yugoslav representations: Yugoslav press coverage on the present session of the Danube Commission indicates a surprising reversal in the Cominform attitude towards the Yugoslavs. By 15 December, all but two of the twenty-three Yugoslav draft articles had been approved by the majority of the Commission.

A note of disappointment in the Yugoslav press over the fact that the Cominform delegates have been so conciliatory is noted by US officials. A continuation of Cominform tactics employed in previous sessions would have provided Yugoslavia with concrete proof that the Soviet bloc intended to disregard the spirit of Yugoslavia's UN resolution calling for a resumption of normal diplomatic relations and

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25X1 observance of international treaty provisions. [REDACTED]

Comment: The Soviet-dominated majority has exhibited an astonishing though belated reversal of form during the present Danube session. As late as 12 December the Yugoslavs, in reporting the present session, stated that the Danube Commission "has demonstrated that undemocratic methods continue to be applied and implemented by the Commission."

The failure of the Cominform majority to ignore or quash Yugoslav representations may be an effort to appear "sweet and reasonable" before the eyes of the world, thus giving the lie to the widely publicized Yugoslav charges of "unfriendly acts."

6. Air Force defectors report low Yugoslav army morale and general apathy.

[REDACTED] Yugoslav pilots advanced the following questionable but provocative opinions: there is a general apathy and lack of hope among the people; Titoism is worse than ordinary Communism; the morale of the Yugoslav army is low, and the assumption that it would fight and acquit itself well in the event of a showdown is questionable. Nonetheless, the pilots stated that they thought it was "wise" for the West to support Tito and to use him for what he was worth, but that it was imperative to remember that Tito is a Communist and would not hesitate "to cut the throat of the West if it suited his needs."

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[REDACTED] but that the real reason for their flight was obscure. He mentioned the high pay of Yugoslav pilots and the fact that they carried their passports at all times and could have defected easily without "flourish and fanfare." [REDACTED]

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Comment: The accuracy of the pilots' observations is extremely dubious. The statements are at variance with informed opinion regarding the army's willingness to fight and popular reaction to Titoism. Views of defectors, regardless of their political propensities, concerning economic conditions and troop morale generally lack objectivity.

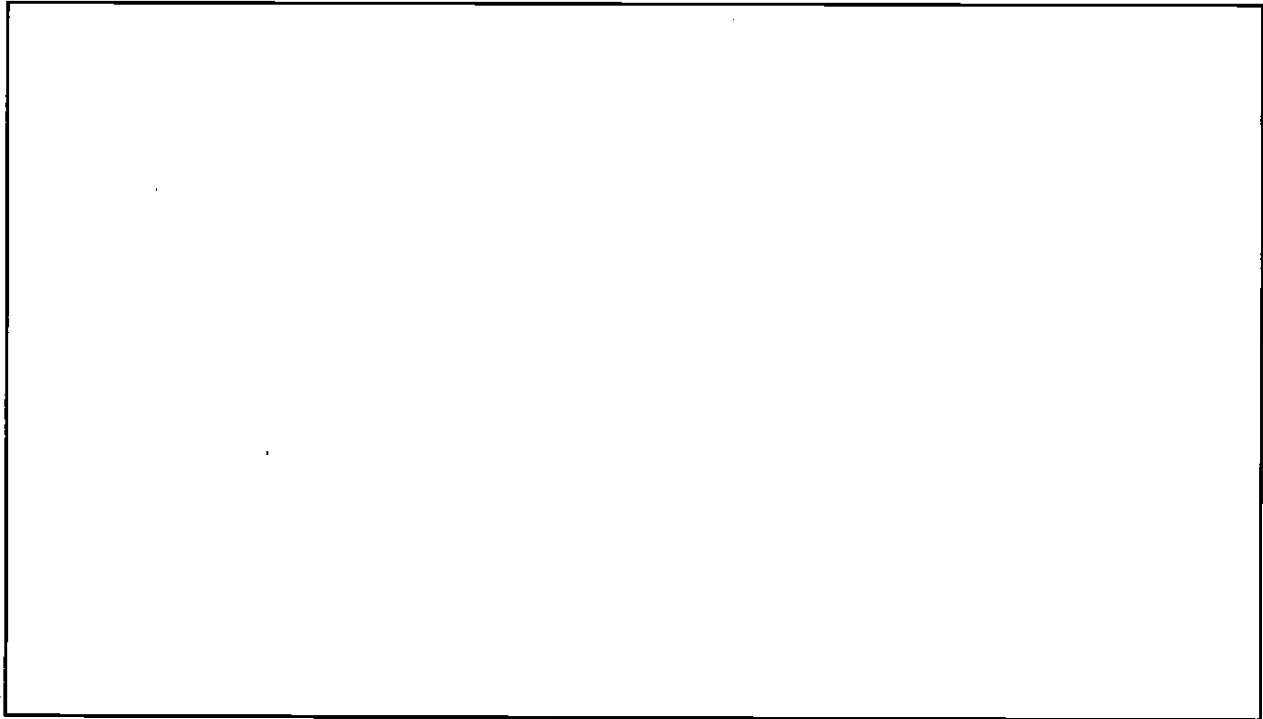
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SECTION 2 (EASTERN)

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2. KOREA. Communists employ radar in coastal defense role: UN naval units operating off the North Korean east coast between Wonsan and Hungnam on 15 December report receiving gunfire at ranges from 8,000 to 13,000 yards which fell within 25 to 150 yards on either side of a UN ship. The US Navy Far East adds that "these guns were reported as definitely radar fire-controlled."

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Comment: Utilization of radar fire-control of shore batteries can be expected materially to increase coastal defense capabilities during hours of darkness and inclement weather. While insufficient information is provided in this report on the conditions under which this radar was used, it would normally be employed for bearing or range information.

3. JAPAN. Four Japanese invited to the April 1952 International Economic Conference in Moscow: The Japanese press on 20 December revealed the names of four prominent Japanese economists who were invited by the USSR to attend the International Economic Conference in Moscow next April.

These four are: H. Ouchi, president of Hosei University; H. Inaba, Director of the National Economics Research Institute; S. Tsuru, a

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professor at Hitotsubashi University; and K. Hoashi, member of the upper house of the Diet.

Comment: Tsuru is considered a confirmed fellow-traveler, while both Ouchi and Hoashi are identified as Japan Communist Party members. Ouchi is a former member of the Diet. Hoashi, currently representing the Party in the House of Councilors, has been active in various front groups and has long been an advocate of trade with Communist China.

In the past, SCAP has not permitted Japanese to attend overseas Communist or Communist-front conferences. This particular invitation may have been issued to exploit propaganda-wise any refusal to permit these four Japanese to attend the conference.

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SECTION 3 (WESTERN)

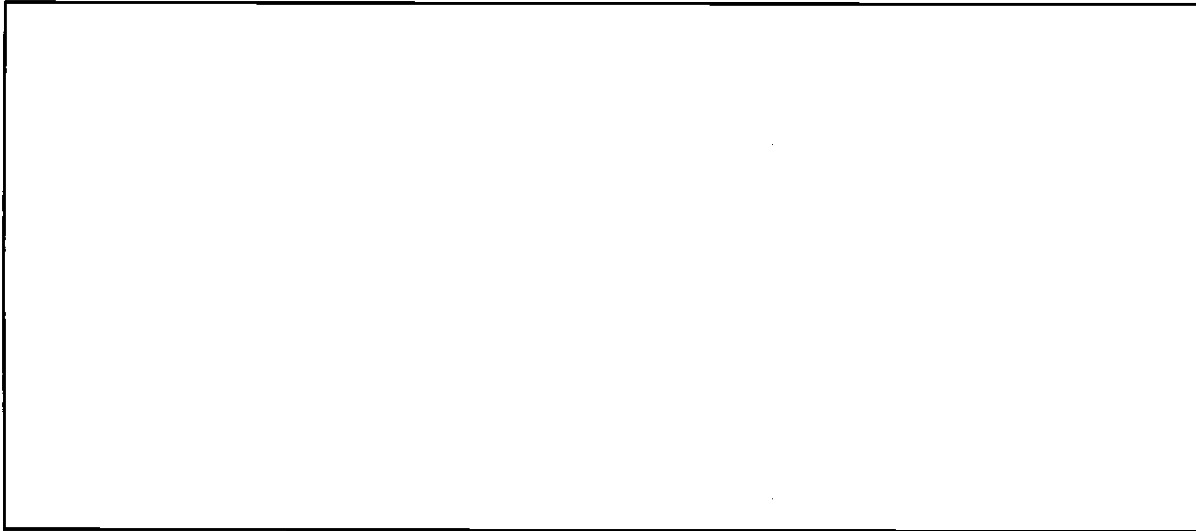
1. FRANCE. Russian trade demands greater than previously revealed by France: The French Government wants to postpone the Coordinating Committee's consideration of French exports of "sensitive" items until current French-Soviet trade negotiations reach a more advanced stage.

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The Russians have requested up to 15 cargo ships of 5000 tons displacement and capable of 13 knots speed. The French Foreign Office, which claims it will keep within "gentlemen's agreement" limits, plans to offer no more than six.

Comment: The French Ambassador in Washington had indicated earlier that only four or five such vessels would be involved, without specifying the number requested.

The French plan to trade the wheat offered by the Russians for German coal. Inasmuch as the French recently disposed of the 8000-ton Wisconsin to Poland in exchange for coal, they are likely to stretch a point to meet the Russian demands for ships.



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3. BELGIUM. Belgium reluctant to increase financial commitments for defense: The US Embassy at Brussels comments that the seemingly intransigent Belgian attitude toward ICC, the EDF, the EPU, and other current European projects is the result of the country's concern over current and prospective calls on its resources. The Embassy adds that "Belgium has been forced into" extreme reluctance toward

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acceptance of new commitments until the total picture of demands is evident.

In general Belgian acceptance of the TCC recommendations would require a radical shift from a tradition and policy of economic liberalism. As an example of Belgian fears of increased drains on its finances, Belgium suspects that the European Defense Forces, if the common budget proposal is adopted, will be an organization for which disproportionate Belgian financial contributions would be asked.

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Comment: The TCC paper on Belgium's defense effort, which recommended a 40-percent increase, has been termed by the Belgian Foreign Minister as "lacking in appreciation of the Belgian effort." From a military point of view, the Belgians have, in proportion to the populations of Western Europe countries, made the largest contribution in terms of trained troops in the field. Belgium has consistently resented American criticism that its aid to Western Europe is inadequate, and has maintained that manufacturing specifications as well as a financing plan must be assured before Belgium's production capabilities can be fully utilized for rearmament.

4. ITALY. Neo-fascists seek to hold national congress in Trieste: The Anglo-American military authorities in Zone A of the Free Territory of Trieste and the Zone President agree it would be inadvisable to permit the neo-fascist Italian Social Movement (MSI) to hold a national congress in the area, as it reportedly is seeking to do. They do not consider it desirable at this time to refuse permission to the Trieste MSI for a local congress since the party has not been outlawed, but are prepared to prevent such a meeting from being transformed into a national congress.

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Comment: The MSI, which has been prevented from holding a national congress in Italy by a ban imposed by the Italian authorities in October 1950, has declared it would nevertheless seek to hold one somewhere, if necessary on shipboard. It is still a relatively minor party, but there are indications that it may be able to influence currents in other parties, such as the majority Christian Democrats, and to coalesce with these groups to attain power. In an effort to curb the MSI's increasing appeal, the Italian Government is now pushing new legislation to enforce a provision of the constitution prohibiting the reorganization of the former Fascist Party in any form.

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- 25X1 5. DENMARK. Denmark insists on selling tanker to Poland: Denmark has formally requested the United States to approve its sale of a tanker to Poland in return for vitally needed coal. Emphasizing the adverse effects the lack of coal would have on the Danish economy and defense effort, the Foreign Minister stated that his government would "take a very serious view of US disapproval." [redacted]

Comment: Although tankers are on the Coordinating Committee's list of prohibited exports, the American Embassy in Copenhagen has stated that the only alternative to this trade is greatly increased US aid in dollars and shipping.

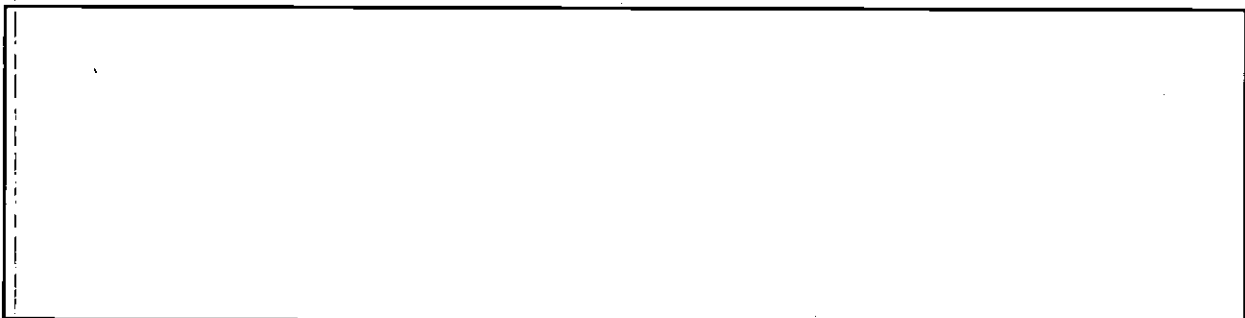
If Denmark should despite US opposition bring this case before the Committee, the other European members would probably side with the Danes.

6. TUNISIA. Nationalists call three-day protest strike: In protest against the French Government's rejection of Tunisian demands for a greater share in government, the Tunisian nationalists have called a general strike for 21 through 23 December. The Tunisian Communist Party and Communist-controlled labor union have announced their support.

25X1 Meanwhile, the nationalist leaders have convoked a national conference to redefine their policy. Their publicly expressed reaction is noteworthy for its moderation and lack of vitriolic denunciation of the French Government. [redacted]

Comment: The success of the nationalist-sponsored strike on 29 November encouraged the party leaders to try this medium again. Although such a demonstration could possibly be accompanied by violence, the French maintain ample police and military forces to put down any disorders. The nationalists will probably follow their usual procedure of taking every precaution against inviting police suppression.

The Communists' support is the Communist Party's attempt to regain some of its influence previously lost to the nationalists, who have recently ignored all Communist overtures.



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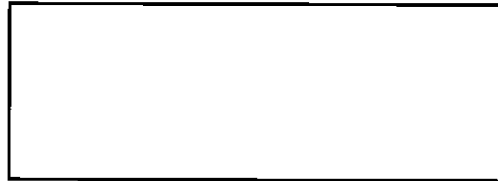


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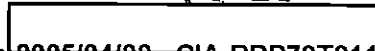
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SECTION 1 (SOVIET)

1. CZECHOSLOVAKIA. Western European nations differ on Czech request for landing rights: France, Belgium and the Netherlands hold divergent views on the Czech request for landing rights for a weekly flight from Prague to Paris via Copenhagen and Amsterdam. The French Foreign Office has confidentially advised the United States that it will deny landing rights, if and when approached by the Czechs. The Dutch and Belgian governments, however, argue that denial of landing rights is difficult because of existing treaty obligations with Czechoslovakia, although they seem impressed by the US suggestion that they employ delaying tactics.

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Comment: The United States desires to block the Czech request, since granting it would weaken the Three-Power ban on overflights of Western Germany imposed as part of Western pressure following the Oatis trial. The Czech airlines have previously been used as part of Czech intelligence operations.

SECTION 3 (WESTERN)

2. FRANCE. French opposed to limited British participation in European integration schemes: Commenting on Churchill's recent statement that Britain wished to be associated with both the Schuman and the Pleven Plans, a French Foreign Ministry spokesman said that it was preferable not to attempt to work out in detail the form of British association because the Benelux countries might seek a similar relationship in preference to full participation. The French spokesman suggested, however, that it would be helpful if, during Churchill's Washington visit, the United States Government urged that British relations with the two European integration schemes be formal and as close as possible.

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Comment: French government leaders believe that eventual full British participation is essential to European integration. The smaller Continental nations have used British abstention as an excuse for their reluctance to bind themselves too closely to the proposed supranational organizations, and the French are anxious to avoid presenting them with a pretext to back out of commitments already taken.

France would probably welcome limited British participation as an intermediate stage, if not made public before the Continental nations had ratified the present plans.

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3. AUSTRIA. Western High Commissioners submit agreed recommendations on treaty strategy: The Western High Commissioners in Vienna have completed their discussions with the Austrian Government and with the US Austrian Treaty Deputy, and have submitted the following recommendations to their respective governments: (1) the treaty discussions should resume on 21 January; (2) if there seems to be hope for such a course, the West should be prepared to accept the Russian text of the unagreed articles in order to achieve an agreement; (3) if, however, the Russians once again raise extraneous objections, the conference should be adjourned pending Western consultations among themselves and with the Austrian Government; (4) rather than acquiesce in a stalemate, and, rather than submit the Austrian question to the UN, the Austrian Government and the Western Elements in Vienna should introduce an abbreviated treaty as a basis for further negotiations; and (5) the West should be prepared to make some concessions on the abbreviated draft, but should consider a return to the old draft only if a Soviet request to do so seems to merit such consideration in the light of the new situation which would then prevail. [REDACTED]

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Comment: In previous high-level discussions, the three Western governments had been unable to resolve differences of opinion over the desirability of making further concessions to the Russians or of introducing a new draft treaty as a basis for negotiation. It is apparent that, if the Soviet negotiator makes any show of amenability upon the resumption of treaty discussions, the US will be under strongest pressure from the British, the French, and the Austrians to accept in whole or in part the Russian version of articles not yet agreed upon in the old draft.

4. UNITED KINGDOM. British to suggest appointment of new Egyptian government: British Ambassador Stevenson in Cairo has been instructed to suggest to King Farouk that he appoint a new government that will at least discuss the Middle East Command proposals. Stevenson is to agree that some withdrawal of British troops would start thirty days after the advent of a new government and the stabilization of the situation. Foreign Office officials, stating that they had little hope for the success of this move, have emphasized again Foreign Secretary Eden's firm opposition to making any new proposals on the Sudan. [REDACTED]

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Comment: The British and American Ambassadors in Cairo have stated that although King Farouk would like to dismiss the present government, he is apparently unwilling to take the risk at present except as a last resort. There is no evidence that any Egyptian government would be amenable to reaching an agreement with the British without some compromise on the Sudan.

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