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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 review(s) completed.

Army, OSD and State Dept review(s) completed.

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GENERAL

British want representative at ANZUS Military Committee meeting: British Foreign Secretary Eden on 3 September requested that arrangements be made for a British representative to attend the forthcoming meeting of the ANZUS Military Committee. He re-emphasized that Britain's special Commonwealth relations with both Australia and New Zealand involve an automatic mutual defense obligation and the closest military and strategic collaboration. Eden indicated that he expects parliamentary criticism over Britain's exclusion from the ANZUS Council.

The Department of State has replied that all participants in ANZUS desire to maintain close liaison with Britain until such time as an expansion of the organization can be undertaken.

Comment: The British press gave generally favorable treatment to the Honolulu meeting of the ANZUS Council, but suggested that Britain has a legitimate claim to future participation.

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Because of the Bevan-Attlee conflict in the British Labor Party, however, the Churchill government cannot be certain of immunity from parliamentary criticism on this matter, despite the fact that its position is essentially the same as that taken by the Labor government when the Pacific Pact scheme was initiated.

2. French interested in observer status on ANZUS: The American Embassy in Canberra reports that the French Charge has approached both the Australian Department of External Affairs and the American Embassy regarding the prospects for a French observer at future ANZUS Council meetings. The Embassy as well as a high Australian official is inclined to

tions from Paris.	doubt	the	charge's	statement	that	he	acted	without	ins	truc-

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3. Mexican copper shipped to possibly unreliable firm in Italy: A shipment of 510 tons of copper wire bars and 100 tons of electrolytic copper cathodes left Vera Cruz on 8 September consigned to the Italian firm SITAMET by Cobre de Mexico.

Cobre de Mexico has informed the US Embassy that this shipment represents an order approved by the US Consul General in Milan in August, and that it wishes to ship other orders totalling 3,300 tons to the same firm in the near future.

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Comment: Cobre de Mexico, Mexico's only producer of electrolytic copper, customarily seeks US Embassy approval of its foreign orders. In August, the US Consul General in Milan withdrew his objections to a SITAMET order for 500 tons after confirming that the copper had been committed to reliable buyers. The objections had been based on the knowledge that SITAMET had previously sold a strategic commodity to a notorious transshipper.

SOVIET UNION

Georgian Party attacks independence of local leaders:
The First Secretary of the Georgian Communist Party, in his report to the 15th Georgian Party Congress on 16 September, claimed that some of the provincial leaders were attempting to promote "chieftainship" and were giving preference to local over state interests. He reminded the congress of the antistate activities of certain tribes in the 1920's and 1930's and warned that any similar attempt now to partition Georgia into separate principalities would not be tolerated.

Comment: Georgia, until the recent purge, held a favored position in the USSR, receiving more material aid and less interference in its political and cultural life than the other 15 republics. The resulting degree of autonomy for local officials apparently permitted a serious amount of corruption and nepotism.

SECRET

23 Sept 52

5. MVD responsibility for Volga-Don Canal confirmed: The Soviet press on 20 September announced that the builders of the Volga-Don Canal were awarded the order of Lenin. The list of recipients includes Minister of Internal Affairs S. N. Kruglov and five of his Deputy Ministers, N. K. Bogdanov, S. S. Mamulov, B. P. Obruchnikov, V. S. Ryasnui and I. A. Seroa.

The Embassy in Moscow believes that the absence of awards to top officials of other agencies of the Soviet Government leaves little doubt that the MVD was the responsible agency. The sensitivity of Soviet officials concerning the MVD's role in this project is demonstrated by the fact that the list omitted the titles of these six officials.

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Comment: The reluctance of the Russians to indicate the responsible agency may be attributed to the fact that they do not desire to connect the name of the infamous MVD, with its millions of forced laborers, to a project supposedly constructed by free socialist labor.

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6. Initiation of fall troop rotation in Soviet Zone of Austria: US Forces in Austria estimate that 3,500 Soviet troops arrived in Austria via Hungary during the period from 15 to 17 September. Approximately 500 of these were sent on to garrisons in western Hungary; the remainder arrived at Kaisersteinbruch Reception Center southwest of Vienna.

These troops, which appear to be recruits, probably represent the first increment of the anticipated fall rotation, but there is no evidence of the imminent departure of age classes eligible for demobilization.

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Comment: Approximately 2,900 Soviet troops arrived in Austria between 21 and 26 July, after which the reception center was reportedly closed down. Recent information has indicated that these troops were recruits from the class of 1933. The latest arrivals are probably also of the 1933 class.

Soviet troop rotation in Austria appears to be following the two-phase cycle which occurred last year. Over 10,000 troops of the 1931 class entered Austria in June 1951 and approximately 4,350 of the 1932 class arrived during November.

7. French-USSR delegation departs in irate mood: According to the French Ambassador in Moscow, a delegation from the USSR-French Society visiting the Soviet Union recently departed in an irate mood because of the close rein applied by Soviet authorities on the delegates' activities in Moscow and, particularly, because they were unable to obtain an interview with Ilya Ehrenburg, prominent Soviet author and propagandist.

Officials in the American Embassy comment that the treatment given the French delegation is indicative of the unwillingness of Soviet authorities to permit contacts between Soviet citizens and foreigners in the USSR. Moscow feels this separation is necessary even though the visitors are sympathetic to Communism and despite the fact that Communists abroad are promoting national fronts and world peace campaigns.

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EASTERN EUROPE

Continuing release of Bulgarian political prisoners reported: According to information obtained through the Eastern European Bureau of the Netherlands Foreign Office, the number of new internees in Bulgarian concentration camps during the past two years has been less than the number set free. There are at present no more than 7,000 political prisoners in the country, all of whom are quartered on Bellene Island in the Danube River. Although a large number of camps were crowded with political unreliables immediately following World War II, inmates of these camps were transferred to Bellene beginning in July 1949, and the former camps are now occupied only by common criminals and paramilitary labor personnel.

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Comment: Other recent estimates have placed the number of Bulgarian political prisoners at 60,000 or more.

Although the Bellene camp is believed to be Bulgaria's largest center for political offenders and unreliables, it is doubtful whether it is the only prison of its type in the country. Many such camps have been reported to be located in the Dobrudja. Since even the slightest opposition to the regime is considered a crime, it is difficult if not impossible to differentiate between "political prisoners" and "common criminals" in Bulgaria.

Polish troops believed returning to barracks from field training areas: The US Military Attache in Warsaw, who returned on 18 September from a three-day field trip into northwest Poland, reported that all Polish and Soviet barracks were still empty except for housekeeping details. Since 16 September, however, "more and more trucks are coming into the First Division area in Warsaw with paraphernalia and supplies." In addition, there was evidence that Polish and Soviet troops in the Grossborn training area were getting ready to move out, and Warsaw newspapers reported a demonstration in Katowice welcoming Polish troops back from summer training.

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The attache expects most or all of the troops to be back in barracks by 27 September.

Comment: Last year all Polish troops had returned from field training to their home garrisons by late September. These movements took place by train, however, and western observers were not aware of them. There has been no indication yet on what scale the summer field maneuvers were held.

Martyka trial involves Polish gentry, US official and former USIS employees: Polish press accounts of the Martyka trial, which ended in Warsaw on 20 September, have played up the "refinement" of some of the female gentry involved with the accused. Testimony has charged that the USIS was engaged in espionage, has implicated two former USIS employees in Warsaw as go-betweens with the band which allegedly murdered Martyka, and has involved an American Foreign Service officer who has recently been transferred from Warsaw.

American Embassy officials emphasize that there is no indication that the Poles intend the trial to produce serious diplomatic consequences. The testimony apparently does not involve any Americans now in Poland.

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Comment: Several of the accused are former landowners and members of the aristocracy, and the trial is apparently intended to condemn the remaining elements of these classes in the eyes of other Poles and show that they are connected with the United States.

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Repeated mention of the intelligentsia suggests that trial propaganda is designed to warn hostile segments of this class, while seeking to retain the allegiance of the progovernment portion. This also may be further evidence of the

appeal of Western broadcasts to the intelligentsia.

Reference to the US inspiration of the accused and the "American gangster" methods used in the murder show that the trial is part of the current hate-America and anti-VOA campaign. The implication of former employees of the USIS, which was closed a year ago in Warsaw, is undoubtedly a further attempt to prevent Polish citizens from having any contact with the American Embassy.

11. Polish physicists confer with Soviet scientists: The American Embassy in Warsaw has reported the conclusion of a physicists conference at Spala, Poland, on 15 September. The two weeks conference was attended by 150 Polish scientists and three Soviet professors, and included discussions of nuclear physics. Professor Infeld acclaimed its importance and called it a "turning point in the history of Polish physics." Embassy officials commented that the conference may be the beginning of the use of Polish brains in Soviet economic development.

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Comment: For some time there has been some discontent among Polish scientists because of the refusal of the Russians to allow them either to contact Western scientists on nuclear subjects or to participate in Soviet atomic development. This conference may indicate that the Russians will now permit the Polish scientists to perform some unclassified tasks for them. On the other hand it may be a conciliatory political move by the Russians.

Leopold Infeld, the Polish-Canadian atomic scientist, collaborated with Enstein at Princeton in the late thirties and held the chair of applied mathematics at Toronto University from 1939 until 1950, when he returned to Poland to take a leading part in Polish political-scientific activity.

The Bucharest radio has announced that on 12 September a protocol was signed in Berlin which expanded the volume of trade between Rumania and East Germany. In addition, the protocol called for "the creation on a parity basis of a mixed Rumanian-German company for the development of the chemical industry in the Rumanian Peoples' Republic by utilizing raw materials available" in Rumania.

The importance of the agreement is indicated by the negotiators for both countries. Chivu Stoica, Vice Chairman of the Council of Ministers, and Miron Constantinescu, Chairman of the State Planning Commission, represented Rumania; while Heinrich Rau, Deputy Minister-President, and Bruno Leuschner, Chairman of the State Planning Commission, signed for the German Democratic Republic.

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Comment: In June Rumania and Hungary concluded a similar agreement whereby a joint company was to be set up with Hungarian equipment to exploit Rumanian natural gas and chemical resources. Another agreement for economic cooperation was recently concluded between Hungary and Czechoslovakia.

A build-up of Rumania's chemical industry, in addition to its petroleum industry, will greatly increase its strategic and industrial potential within the Soviet Orbit.

Rumanian collectivization drive continues: The American Legation in Bucharest reports that the "triumph of Socialism in the villages" is being widely hailed in the Rumanian press, while there are frequent notices of convictions of kulaks for sabotaging sowing and withholding crops from the state. Emphasis appears to be on formation of agricultural tilling associations rather than kolkhozes, but the press has reported for the first time that 47 of these associations have been changed into kolkhozes.

for collectivization has been sharply increased in "un-socialized" Transylvania, chiefly through confiscation of land and imprisonment for nonpayment of taxes.

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Comment: Increased prominence given to formation of agricultural associations coincides with the first anniversary of the drive, which began in September 1951, for formation "on the voluntary principle" of permanent agricultural associations. At that time it was announced that these associations would accustom peasants to "collective methods of managing their agricultural exploitation as a preliminary step toward establishment of collective farms."

Some 1,112 agricultural associations have been formed in the last year, 265 of them in the past month; and over 400 collective farms have been set up in 1952.

SECRET

23 Sept 52

FAR EAST

Japanese confident that World Buddhist Conference will not be subverted: Japanese delegates believe that their large majority at the World Conference of Buddhists will prevent the conference from being subverted by radical elements from Southeast Asia, according to Ambassador Murphy.

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Murphy notes, however, that although the conference appears to be primarily religious in nature, there is some danger of a Communist attempt to tie in the conference objectives with those of the Peiping Peace Conference. He reports that "Peace through Buddhism," as contrasted with the building of armaments, is expected to be on the agenda for discussion.

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Comment: Japanese Buddhists, who traditionally avoid politics, will oppose any attempts by radical elements to swing the conference toward political matters. On the other hand, left-wing Buddhist groups will probably exploit the peace issue, and may also follow the precedent set in Burma and Thailand where strenuous efforts are being made to establish the compatibility of Communism and Buddhism.

Office: Ambassador Murphy reports that the group which attacked Communist delegates to the Peiping Peace Conference on 18 September in the Japanese Foreign Office was part of the "National Martyr's Youth Corps." The corps is an ultranationalist, paramilitary, youth organization formed last June to crush Communist activity in Japan.

Ambassador Murphy comments that although this is a minor incident, it is the first publicized display of violence by an ultranationalist group since World War II. He thinks that the group may well grow and become more active as a result of the widespread publicity given the incident.

Comment: The peace treaty, rearmament and the anti-Communist atmosphere in Japan have given impetus to the growth of rightist societies. While their common theme is anti-Communism, a number of them have adopted policies of antiforeignism and neutrality.

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16.	Nationalization of China's private banks expected in 1953: the Communists in China have begun the takeover of private banks under the guise of "amalgamation." By mid-1953 or earlier, it is expected that all banks dealing in foreign exchange will be pected that all banks dealing in foreign exchange will be perfectly and all banks.	
	branches of the state-operated Bank of China, and all banks dealing in domestic finance will be branches of the official People's Bank.	25X1
	Comment: The amalgamation of private banks in China to facilitate government control has been under way for more than two years. As with other sectors of the economy, the trend in banking is toward full nationalization.	
	Continuing reports are received of the government take- over of private firms, such as the nationalization on 1 September of China's largest private shipping company.	-

SOUTHEAST ASIA

18. Viet Minh considered more vulnerable to political than military action: Commenting on recent reports of the Viet Minh's material weakness and lowering morale, the American Consul in Hanoi concludes that they must be viewed with reserve. He believes that any weaknesses of the Viet Minh are

SECRET

23 Sept 52

probably compensated for by their more skillful administration and propaganda as compared with the Bao Dai Government. The Consul adds that if the Vietnam Government were able to make real progress politically, it would deal the Viet Minh a graver blow than any of which the French-Vietnamese military	
forces are capable.	25X1
Karens in Burma reported seeking alliance with former Japanese puppet: Karen insurgents have commenced negotiating an alliance with Dr. Ba Maw, head of the Burmese Government	
during the Japanese occupation, Ba Maw is said to have encouraged the karens to form an alliance with the Chinese Nationalists in north-	25X1
east Burma and to cooperate temporarily with the Burmese Communists. In return for assuming overt political action in behalf of the Karens, Ba Maw asked to be given access to	
the ores and timbers now in Karen-controlled areas.	25X1
Comment: Ba Maw, who is one of Burma's shrewdest politicians, lately has been a leading spokesman of pro-Communist elements which have been calling for government action to expel the Chinese Nationalists.	
The fact that the Karens were singled out for especially severe treatment by Ba Maw's puppet government would appear to preclude their turning to him now.	·
Insurgents reported uniting in Burma: Representatives of Burma's two Communist parties and the insurgent, pro-Communist PVO have been meeting in west central Burma and have agreed to form an alliance, according to press reports reaching Rangoon. While the command functions of each group have not yet been resolved, all groups have promised to contribute 1500 troops toward the establishment of a common striking force.	

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The American Embassy in Rangoon comments that the Burma War Office has denied these reports, but adds that other unconfirmed information indicates that the insurgents had met and that they desire to coordinate their efforts.

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Comment: Problems of leadership and spheres of influence have been the leading causes of friction among Burman insurgents. As they have been increasingly on the defensive, however, there has been a greater inducement for composing their differences.

NEAR EAST - AFRICA

Iranian Chief of Staff restricts travel of foreign military attaches: Iranian Chief of Staff Baharmast has denied every request of the American and British Military Attaches during the past two weeks for permission to travel outside Tehran. Although the restrictions ostensibly apply to all military attaches, the American Army Attache notes that other foreign attaches seldom leave the capital.

Ambassador Henderson believes that the restrictions are directed primarily against the British to prevent them from contacting tribes along the Iranian frontiers.

Comment: Baharmast recently ordered the General Staff not to discuss army reorganization plans with the US Army Mission, and the new restrictions apparently represent another step in Baharmast's anti-foreign policy.

Egypt may consider British-drafted constitution on Sudan: Egypt may accept the British-drafted constitution on the Sudan as a basis for discussion, but may first suggest amendments, such as postponement of the elections scheduled for November, according to Lieutenant Colonel Sabri, Egyptian senior staff officer in the Sudan. Sabri stated that Egypt's chief objection to the Sudan constitution is that it gives the Governor General too much power.

Sabri's position suggests that Egypt's military regime has adopted a more reasonable view on the Sudan issue than previous Cairo governments. Sabri's advice may carry some weight in Egyptian official circles, since he is a brother of one of General Nagib's close advisers.

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Comment: If Sabri's advice is followed, it would represent a major change in Egyptian policy on the Sudan question. There is no clear indication, however, that General Nagib is prepared to face the repercussions within Egypt that such a settlement might cause.

Turkish reaction to British proposal on MEDO: The Turkish Foreign Ministry states that it agrees in principle with the British proposal on the Middle East Defense Organization, but believes that the Arab States should be invited to sit in on any discussions preceding its organization. Arab participation need not imply a commitment on membership, and such an invitation should refute possible claims of the Arabs that the sponsoring powers were proceeding without consulting them.

The Turkish Foreign Ministry observes that the present Egyptian Government appears more favorably inclined toward MEDO than its predecessors. Ankara proposes more military aid to Turkey and eventual establishment of MEDO headquarters in southern Turkey.

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Comment: The Turks do not favor proceeding with defense planning before the obligations of each member of MEDO are clarified. Egypt's position is still unclear, but General Nagib's desire for Western arms may make him consider a more moderate course than his predecessors. Ankara's desire to have MEDO headquarters in Turkey is presumably motivated by considerations of prestige.

24. Special security measures imposed in Tangier: The insistent rumors that a general strike in Morocco would occur when the French reply to the Sultan's demands for more autonomy was delivered have caused extraordinary security measures to be taken in Tangier.

Nationalists in Tangier have not yet been advised of the contents of the reply, but declare that they will maintain their traditional passivity and hope that young nationalist "hot bloods" can be kept under control.

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Comment: French officials in Morocco, as well as in the International Zone of Tangier, have expressed their fears that France's reply to the Sultan's memorandum of last March would incite disorders. The note was finally delivered on 17 September, but its contents have not yet been made public.

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SECRET

23 Sept 52

Tangier officials are particularly apprehensive because of the riots which broke out on 30 March.

Arab League finances UN trip of Tunisian and Moroccan nationalists: According to the Iraqi Foreign Minister, the Arab League will finance sending a Tunisian delegation to the UN General Assembly meeting. Such a delegation would include the former Tunisian Minister of Justice, Salah ben Youssef, and probably Habib Bourghiba, head of the nationalist Neo-Destour Party, and the former Minister of Social Affairs, Mohamed Badra.

In addition to requests for American visas for the Tunisian nationalists, the Arab League has requested one for the Moroccan nationalist, Mohamed Hassan al-Wazzani.

Comment: The French Government has already strongly protested the issuance of American visas to nationalists, particularly Ben Youssef and Badra. It is highly unlikely at present that Bourghiba could reach New York because he has been in forced residence since last January.

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Because of Wazzani's uncertain loyalties, the French presumably would have fewer objections to his appearing at UN headquarters.

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	WESTERN EUROPE	
27.	Paris Embassy comments on French Communist Party crisis: The American Embassy in Paris states that the current crisis in the French Communist Party, the most serious since 1939, is the compelling reason for Thorez's imminent return from the Soviet Union.	
	The Communists are facing a "delicate situation" which could develop into a national deviationist movement along Titoist lines. If Andre Marty and Charles Tillon, the purged leaders who represent the militant elements and paramilitary cadres, further delay a "full public confession," grave repercussions may be expected.	25X

Italy promises to increase defense expenditures after elections: Italian Treasury Minister Pella has assured the American Ambassador that a third extraordinary \$400,000,000 defense appropriation will be sought from parliament immediately after the elections next spring. Although this money ostensibly would be expended in fiscal years 1955 and 1956, it will be available for defense orders in 1953 following parliamentary approval. Pella intimated that he might even overlook defense contracting against these funds prior to parliamentary approval.

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Pella is also trying to persuade the Defense Ministry to increase from \$64,000,000 to \$128,000,000 the expenditures programmed for major military items out of the second \$400,000,000

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extraordinary	appropriation	passed	in	June.	

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Comment: American officials in Rome have previously reported that although Italy's defense expenditures for 1952 will meet NATO goals, targets for fiscal years 1953 and 1954 are unlikely to be met. Although this new appropriation might improve the level of expenditures in fiscal year 1954, it may come too late to make much difference in fiscal year 1953.

LATIN AMERICA

Argentina tries to call meeting to form Latin American labor organization: The Nicaraguan Foreign Ministry has been informed by its Embassy in Buenos Aires that the purpose of the current tour of Latin America by Argentine labor representatives is to organize a congress of the Committee for Syndical Unity to meet in Mexico City to form an Argentine-backed Latin American labor organization. When the meeting would be held is not known.

Comment: The Latin American Committee for Syndical Unity was formed at an Argentine-subsidized conference in Asuncion, Paraguay, last February. At that time Argentina tried to organize a strictly Latin American labor confederation, but could gain only enough support for the committee.

In view of the vigorous propaganda activities of its Labor Attaches throughout Latin America, Argentina may believe that now there is sufficient support for a confederation including some, though not the most important, unions from each Latin American country.

Bolivian Minister of Mines opposes "confiscation" of tin mines: Minister of Mines and Petroleum Juan Lechin stated on 19 September that he rejects immediate confiscation of Bolivia's tin mines and railways, as proposed by the Bolivian Labor Central (COB), because this "would place Bolivia at the service of Russia." Since Lechin heads the COB, his statement has been interpreted as his separation from the Communist or extremist leaders of the labor organization.

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23 Sept 52

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Lechin said that the majority of COB members belong to the Nationalist Revolutionary Movement and support a policy of nationalization without class struggle. He also said that they favor reorganization rather than suppression of the army.

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Comment: These statements are similar to those of President Paz and may indicate that for the present Lechin finds it more advantageous to cooperate with Paz. In the past Lechin has encouraged the COB's extremist demands and has threatened to call out labor to oust the President if nationalization were delayed.

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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NEAR EAST - AFRICA

2. Iranian official believes Mossadeq will not deliver ultimatum to British: Prime Minister Mossadeq's official reply to the joint Anglo-American approach for a solution of the oil dispute will neither threaten severance of diplomatic relations with Great Britain nor set a time limit for the British reply, according to the vice president of the Iranian Senate.

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Ambassador Henderson also reports that Iranians close to Mossadeq are hoping that his reply will persuade Great Britain and the United States to change their policies toward Iran.

Comment: Awareness of nationalist sentiment in Iran may induce Mossadeq to deliver an ultimatum. Judging from his past actions, however, he may not carry out his threats. There is no evidence that he is ready to give up attempts at an agreement.

deq is still the strongest political leader in Iran, according to Ambassador Henderson. Kashani, however, has a more effective political organization and Mossadeq's recognition of his growing prestige is indicated by the personal call he made on Kashani after the latter returned from Mecca. The Ambassador states that this is the first time that Mossadeq has called on anyone except the Shah in the last year.

Comment: Kashani's political strength has increased materially since mid-July, when Mossadeq returned to power. There is no evidence, however, that he is strong enough to displace the Prime Minister.

WESTERN EUROPE

NATO NATO military bases: The American Embassy in Rome states that the Italian Government will certainly be unwilling to approve a rapid acceleration of the military bases program in Italy. The government fears that its survival in next spring's national elections would be jeopardized by such approval. The Embassy believes that such an acceleration would further the Soviet cold-war objective of alienating the peoples of Western

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Comment: The Italians have previously indicated that a program of such scope would require parliamentary ratification.

LATIN AMERICA

Brazilian Foreign Minister confident Vargas will refuse to attend Ibanez's inauguration: Brazilian Foreign Minister 5. Neves da Fontoura is confident that President Vargas will refuse a Chilean invitation to attend the Ibanez inauguration together with the presidents of Argentina, Bolivia, and certain other Latin American countries, not including Uruguay or Paraguay.

The Brazilian Foreign Ministry and the high-ranking military show some nervousness concerning Ibanez's plans. Foreign Minister stated that Brazil is becoming increasingly isolated because it does not intend to be drawn into any anti-US combination, and that all ties between Brazil and the United States should be strengthened.

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Comment: Brazil's attitude toward the Chilean invitation will be motivated by the desire not only to avoid antagonizing the United States but also to take that action most likely to weaken Ibanez's Argentine connections.

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