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COPY NO. 39

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

Date: MAY 25 1951

- NOTE: 1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
2. Comments represent the preliminary views of the Office of Current Intelligence.
3. Marginal letter indications are defined as follows:
- "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

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SECTION 1 (SOVIET)

"B" USSR. Johnson Resolution on Korean Settlement Publicized in Moscow. Moscow's propaganda media have given unusual emphasis to Senator Johnson's resolution regarding a settlement of the Korean war. The text of the resolution calling for a cease-fire and declaration of an armistice in Korea as of 25 June, was printed in PRAVDA and IZVESTIA, broadcast to the home audience and transmitted for use by the local Soviet press on 19 May. Moscow also broadcast the item 12 times to foreign audiences, but not in any Asian language. PRAVDA's International Review on 20 May referred readers to the previous day's PRAVDA article, a practice which is rarely if ever used by the Moscow press. The manner of presenting the resolution, however, was essentially factual, although the text was prefaced by allusion to reports of the new Communist offensive in Korea and accompanied by the comment that "even some representatives of US ruling circles see the hopelessness of the Wall Street adventure in Korea." (C Moscow 2004, 23 May 51; C FBIS Trends and Highlights, 23 May 51). COMMENT: Moscow obviously desires to exploit the Johnson proposal for propaganda purposes with a view to influencing such public opinion as still desires UN withdrawal from Korea and to furthering the current WPC campaign for a peaceful settlement of the Korean question and a Five-Power peace pact. So far, there has been no firm indication that the USSR might now support or acquiesce in such a settlement as Johnson has proposed. However, the unusual propaganda treatment of this resolution might indicate that the Kremlin is preparing its audiences for a possible agreement on Korea which would be labeled a US "defeat". Current propaganda picturing alleged discouragement among US ruling circles and US forces in Korea over "failure" of the Korean "adventure" could provide background for such a settlement.

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"B" EASTERN EUROPE, BULGARIA, Residence and Travel Restricted in Frontier Zones.

the first public announcement of the control of residence and movement of Bulgarian citizens in all frontier regions appeared on 12 April in the government newspaper for the Black Sea port of Burgas. The restricted area is divided into a frontier zone, reported to average about 30 kilometers in depth, and a frontier strip of 2 kilometers. Inhabitants of the 2 kilometer strip must have residence permits from the Directorate General of the People's Militia. A curfew on all movement is in effect on this strip from sundown to sunrise. Inhabitants of the 30 kilometer zone must have a special Militia stamp on their identity cards to permit freedom of travel, but such permission is limited to their own administrative district. Passes for Bulgarians to visit the border area are issued only by the Militia on a one trip basis. Foreigners and members of the diplomatic corps may visit the 30 kilometer zone with a Militia pass, but are forbidden entrance under any circumstances to the 2 kilometer strip. Bulgarians may enter Bulgarian Black Sea ports without special passes but only along certain roads which are specifically designated.

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"C" CZECHOSLOVAKIA, US Ambassador Concerned by Sudeten Irredentism. According to US Ambassador Briggs, the numerous meetings of transferred Sudetens in West Germany on Whitsunday, during which revisionist aspirations were expressed, have greatly assisted the Communist regime in its efforts to capitalize on the fear of West German rearmament. Although most of the speakers at the rallies disclaimed any resort to arms, Briggs contends that the rearmament of Western Germany coupled with Sudeten irredentism means only one thing to the Czechoslovaks: a renascent Drang nach Osten. The Ambassador suggests, in order to minimize the effectiveness of the one issue around which the Communists might rally otherwise divergent Czechoslovak elements, that HICOG issue an official statement disclaiming US support for Sudeten aspirations. (C Praha 747, 24 May 51). COMMENT: Nearly two million Sudetens have been expelled from Czechoslovakia since the end of World War II.

"B" YUGOSLAVIA, Correspondent Assigned to Korea. The United Nations has approved the assignment of a Yugoslav correspondent to Korea. The newsman, who will be Yugoslavia's first war correspondent in that theater, will represent POLITIKA, second most important Yugoslav daily newspaper. (U NYT, 25 May 51). COMMENT: Press coverage of the Korean war by a Yugoslav correspondent should have a greater impact on the Yugoslav thinking than previous coverage which has been factual and objective but obtained from foreign sources. Ambassador Allen believes that the Yugoslav Government may desire to change its position on Korea in the UN from neutrality to active support. The assignment of a Yugoslav correspondent to Korea may provide the internal basis for such a change in policy. The Yugoslav Government on 18 May voted for the UN General Assembly resolution supporting a strategic embargo on areas under the control of Communist China and North Korea. This was the first major UN resolution regarding the Korean war which Yugoslavia has supported.

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SECTION 2 (EASTERN)

"C" IRAN. Oil Committee Maintains That it will Not Confiscate the Oil Company. Allahyar Saleh, Chairman of the Parliamentary Oil Committee, in a press conference on 24 May declared that the Iranians intended to exploit their own resources and to achieve this aim Iran must obviously make use of the former Anglo-Iranian Oil Company and staff. As for the installations, transfer in no way means the requisitioning or illegal confiscation of another's property. All properties of all foreign individuals or companies in Iran are immune from any violation. In accord with constitutional law and provisions of article 3 of the law of April 29, all the Company's claims will be considered and met. (U AP News Ticker, 25 May 51).
COMMENT: The Government has maintained that it does not intend to confiscate the Oil Company's properties, but will act in accordance with the nationalization laws. The Article to which Saleh referred binds the Oil Committee to examine the just claims of the Company with those of the Government and, after their approval by Parliament, to act on them. The law also provides that the Oil Committee will act as a holding company until the charter of a "National Oil Company" is prepared, to investigate the Company's accounts and to draw up regulations for sending Iranian students abroad so that they may replace gradually foreign experts. The Iranians are determined to go ahead with implementing the law, for the Government on 24 May informed the Oil Company that it must nominate representatives to work with the Oil Committee before 30 May, or the Government "will have no choice but to act in accord with the Nationalization Laws."

"B" SYRIA/ISRAEL. General Riley's Views on Border Dispute Solution. General Riley, Chairman of the UN Truce Supervision Organization (TSO), has informed US Charge Clark in Damascus that the first steps necessary toward solving the Syrian-Israeli dispute over the Lake Hule drainage project are: (a) the stoppage of the drainage work by Israel on Arab-owned land in the demilitarized zone and (b) the setting of a date by Syria for the return of the Iraqi fighter squadron to Baghdad. (See OCI Daily Digest, 19 May 51). Riley believes that the terms of the Armistice would permit Israel to continue drainage of the Jewish-owned land in the demilitarized zone even though he has requested a halt of this work for a short period. Riley would also arrange a transfer of the Arab-owned land blocking the drainage project with Jewish-owned land elsewhere in the zone. Riley stated that he would inform the Syrian Army Chief of Staff, Shishakli, that world opinion would be aroused against Syria in the same way that it was recently aroused against Israel, if Syria continued to block the drainage scheme indefinitely. Concerning Riley's reference to the Arabs recently expelled from the zone, Clark expresses his fear that any further expulsion of the Arabs by the Israelis might be used by Syrian extremist elements to base their charge that the Four Powers are masking Israel's imposition of "de facto" authority in the

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area. (S Damascus 655, 23 May 51). COMMENT: General Riley's return to the Palestine area has speeded up UN attempts in the field toward solving the border difficulties. Riley's task is particularly difficult, however, since any decisions favoring Syria may embarrass the moderate Socialist Government of Ben-Gurion in the coming Israeli elections and any action favoring Israel may antagonize Syria and the Arab States against the US and UK as well as against the UN generally.

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"B" AUSTRALIA. Government Majority In Senate Confirmed. Final returns from the 28 April Parliamentary elections give the Liberal-Country coalition Government a majority of four votes (32-28) over the Labor Opposition in the Senate. (R Canberra 332, 24 May 51). COMMENT: Government legislation will no longer be hampered by the deadlock which formerly existed in the Australian Parliament whereby the Government controlled the House of Representatives and the Opposition held the Senate.

"B" INDONESIA. Surabaya Harbor Committee Issues Security Ultimatum. The Surabaya Harbor Committee issued an ultimatum on 21 May to local government authorities to the effect that the harbor security situation must improve within 10 days or the Committee will call to the attention of shipping lines the complete lack of security at the port of Surabaya. The US Maritime Commission has already issued a warning to US lines, and one Australian line has ceased calling at Indonesian ports. British underwriters have raised insurance rates for Indonesian ports to a level five times higher than that for other ports in Asia. (C Surabaya 112, 23 May 51). COMMENT: There is no evidence to date of municipal action on the ultimatum. The security situation at Surabaya harbor has steadily decreased during the past six months with extensive looting of ships, wharves, and warehouses.

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"B" INDOCHINA. Pro-French Police Chief Conducts Raid on Nationalist Party. [REDACTED] that Nguyen Van Tam, Vietnam Government Chief of Police, has allegedly searched the headquarters of the Dai Viet nationalist party in Hanoi and summarily arrested 100 of its members. [REDACTED] stands that warrants have been issued for the arrest of several high party figures and hints that some of these leaders may flee the country and join Nguyen Huu Tri, ex-Governor and Dai Viet leader, in Hong Kong. (C Saigon 2054, 24 May 51). COMMENT: Although not yet confirmed, this report is credible. Nguyen Van Tam is a Vietnamese by race, but he is, like his close associate, Premier Tran Van Huu, a French citizen by naturalization and his career indicates that he considers himself a Frenchman. He has served French interests consistently and ruthlessly, and is generally feared and hated by Vietnamese nationalists.

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"B" Extreme Indignation Among Vietnamese at French Brutality. The US and UK Consulates Hanoi have received copies of a declaration signed by 22 non-government Vietnamese community leaders denouncing the "Dalat massacre" (recently instigated by a French police official) and demanding measures to insure that a recurrence of such crimes is impossible. The British Consul believes that the last statement

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is aimed at many other such reprisals which, though less publicized than the Dalat incident, are known to be constantly taking place. (S Hanoi 674, 24 May 51). COMMENT: The Dalat murder of 20 Vietnamese prisoners is not without precedent during the history of French rule in Indochina.

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"A" CHINA. Communist Official Discusses Hong Kong. [REDACTED]

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supporting the UN embargo and ignored [REDACTED] retort that Peiping's attitude "had not been helpful." When [REDACTED] expressed the hope that Peiping would not retaliate by promoting difficulties in Hong Kong, the Chinese replied that Peiping "might have to impose sanctions," although he wished to see Hong Kong prosperous. The Chinese added that the Hong Kong government was "obviously more worried" than he. (S London 6138, 24 May 51). COMMENT: The Hong Kong government is aware that the Communist threat to the Colony is increasing, as trade restrictions decrease Hong Kong's value as an entrepot for Peiping and as the Communists improve their military position in Kwangtung. However, the Chinese Communists apparently still regard Hong Kong as of greater value to them in British hands than in their own. Despite recent rumors of an imminent attack on Hong Kong, Peiping's propaganda does not indicate an intention to assault the Colony at this time.

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"C"

Hong Kong's Exports to China Increase Sharply in March.

Hong Kong's exports to China (including a small amount to Taiwan) in March 1951 totaled HK\$ 272 million (HK\$6 equal US\$1), up 25 percent from the level of the preceding month and virtually equal to the record figure reached in January 1951. Rubber and rubber manufactures (e.g. tires and tubes) constituted the principal item of export. Over HK\$ 100 million of crude rubber and rubber manufactures were shipped in March from Hong Kong to Communist China. (C State despatch Hong Kong 1666, 1 May 51). COMMENT: Hong Kong's exports to China increased sharply in the fall of 1950 and have been at high levels since. In large part, this step-up was caused by the increased purchasing activities on the part of the Communists in anticipation of forthcoming embargo restrictions. The broadening of Hong Kong's export control list toward the end of March and, even more important, the ban on rubber shipments in May are expected to effect a substantial drop in Hong Kong's export trade to Communist China.

"C"

KOREA. Abortive Communist Attempt to Capture UN-held Islands near Wonsan. According to the US Navy, North Koreans in the Wonsan area made a number of abortive attempts during the nights of 24 and 25 May to recapture four or five UN-held islands in Wonsan Bay. None

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of the attempts were made in sufficient strength to accomplish their mission. (S DA CINCFE Telecon 4747, 25 May 51). COMMENT: As reported in OCI Daily Digest of 21 May, ROK intelligence had foreknowledge of this recapture attempt. UN-held islands in Wonsan Bay fulfill an important mission as fire control and intelligence posts in the vital Wonsan Region. 25X1C

"B" KOREA. Communist Armored Units Reported Entering Korea. Three recent reports have alleged the arrival and movement of new major Communist armored units in Korea. 25X1C

the arrival in late April of a Chinese Communist Mechanized Corps, equipped with 400 T-34 tanks, 200 self-propelled artillery pieces, and 700 trucks. A USAF report of late April states that a "Special Mechanized Brigade", trained in Tungwa, Manchuria, entered North Korea. This Brigade is reportedly equipped with 60 tanks and 60 self-propelled artillery pieces. 25X1C

along the 38th Parallel, reports the southward movement into the 38th Parallel region of 150 "Soviet" tanks in early May. 25X1A

25X1A COMMENT: While these most recent reports remain unconfirmed, it is very possible that an additional North Korean armored unit (with from 50 to 100 tanks) has entered Korea from its Manchurian training area. Despite frequent reports of Chinese Communist units being equipped with Soviet armor, no confirmation of the presence of such units in Korea has been received. As of early May, the US Far Eastern Command estimated the North Korean Army to have from 150 to 175 tanks, primarily in western Korea. UN air observers continue to report isolated tank sightings in North Korean rear areas.

"C" JAPAN. Police Raid Communist Press Offices. More than 1000 Communist and Communist-front organizations throughout Japan were raided and some 300 persons placed under arrest on 24 May as the Attorney General's office launched another crackdown on the Red press. Government agents closed down four major Communist publications in Tokyo and rounded up their editorial staffs and local distribution agents. (R FBIS, 24 May 51). COMMENT: This action, which is the third major raid on the Communist press this year, was taken under a Government ordinance which prohibits acts inimical to the Occupation. While these arrests disrupt the Party's publication system, long-term effectiveness of the raids is hindered by the fact that the Communist press does not own its own printing equipment - consequently new publications spring up almost overnight to replace those banned.

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"C" JAPAN. YOSHIDA Reshuffles Cabinet. Premier YOSHIDA Shigeru replaced his Agriculture-Forestry and National Construction Ministers on 25 May. Liberal Party Secretary General, SATO Eisaku, was appointed the new National Construction Minister while the Party's Political Affairs Bureau Chief, NEMOTO Ryutaro, was given the Agriculture-Forestry Portfolio. (R FBIS, AFP, TOKYO, Advance Ticker, 25 May 51). COMMENT: The reshuffle has been rumored as imminent for several weeks and appears to be something of an annual reassigning of Party political "plums", the plums in this case being both Cabinet portfolios and Party officers' posts. It is considered probable that the Cabinet revision has not yet been completed and the additional reshuffling will be designed to eliminate factionalism within the Premier's party. A further possibility is that two or three ranking Democrats might be invited into the Cabinet in order to insure the support of that conservative party during the peace treaty negotiations.

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SECTION 3 (WESTERN)

"C" GERMANY. Anti-Communist German-Russian Friendship Society Formed. An anti-Communist "Freedom League for German-Russian Friendship" has been founded in west Berlin with the purpose of promoting genuine understanding in the West of the Russian people as distinguished from the Soviet regime. The League, which held its first public meeting 13 May, is jointly sponsored by west Berliners and Russian refugees. Among the German sponsors are the well-known anti-Communists Ernst Reuter, Mayor of west Berlin, and Rainer Hildebrandt, leader of the Fighting Group Against Inhumanity. (U Berlin Unnumbered, 18 May 51) COMMENT: The League will provide an anti-Communist counterpart to the Communist "Society for German-Soviet Friendship". At the same time, it may be dangerously susceptible to penetration by those who have friendship for the Soviet regime as well as the Russian people.

"C" Favorable Outlook for Schuman Plan Ratification. US liaison officials in Bonn continue to believe that the Schuman Plan will be ratified by a safe parliamentary majority, despite the reservations on the part of some elements in the Government coalition and the resentment caused by recent developments in the Saar (see OGI Daily Digest, 24 May 51). The government is still preparing the necessary legislation, which is scheduled to go within ten days to the Upper House, where consideration is expected to take several weeks. After that, the bill would be debated for at least as long by the Lower House. Doubts have also been expressed by party leaders on the advisability of German ratification prior to approval by the new French Assembly. (C Bonn 884, 24 May 51) COMMENT: Chancellor Adenauer has been anxious to speed ratification of the Schuman Plan over Social Democratic opposition, provided the Western allies meet certain conditions such as abolition of the Ruhr Authority and restoration of German control over steel and coal allocations.

"A" AUSTRIA. Soviets Dodge Question of Austrian Treaty. During his visit to [redacted] to Soviet leaders that the four occupying powers would soon reach an agreement on the state treaty for Austria, and then withdraw the occupation forces. The Soviet political adviser reminded [redacted] that Austria was an enemy of the Soviet Union during the last war, and that it had had about one million men in military service. (S Vienna 2775, 23 May 51) COMMENT: The cryptic Soviet reply to [redacted] observations is typical of the manner in which Soviet representatives have been dodging any serious discussion of the Austrian treaty in recent months.

"B" Opportunity Seen for Closing Soviet Repatriation Missions. The US High Commissioner in Austria believes that a favorable situation has been created for Western Allied action to terminate the Soviet

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repatriation missions in the western zones of Austria, as the mission in the US zone has just been caught using two DP's for espionage. Without connecting the termination with the espionage case, Donnelly intends to inform the Soviet High Commissioner on 25 May that the mission in the US zone must be withdrawn by 8 June. The British have been informed, and have agreed to proceed with termination of the mission in their zone at the end of the current Paris talks. Donnelly will urge the French to take parallel action at an early date. (S Vienna 2754, 23 May 51)

COMMENT: In March, Donnelly proposed joint tripartite action to terminate the Soviet missions, which have completed their legitimate functions and now operate mainly as intelligence and propaganda agencies. The French, who were unwilling to take action at that time, may fall into line if the US and British have already proceeded. The USSR may be expected to retaliate.

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"C" ITALY. Friction Between Communists and Nenni Socialists Reported Increasing.

Communist leaders Togliatti and Secchia met on 12 May with Nenni, leader of the pro-Communist Socialist Party (PSI), at Nenni's request, to clarify relations between the two parties. The three men discussed recent symptoms of resistance in various PSI organizations toward that party's complete subservience to Cominform policy and the PSI's inability to compete successfully with the new anti-Communist Socialist Party (PS) for this reason. Togliatti and Secchia proposed that both parties be united "to avoid public opinion reaction" to further reduction of PSI strength. Nenni felt that unification of the PSI with the Communist Party would compromise PSI effectiveness in the "peace" campaign. He "poorly concealed his rebellious attitude" against the requirement that the PSI follow the Communist Party line or lose its subsidy.

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COMMENT: This is the second report of friction between the Communists and pro-Communist Socialists, whose policies hitherto have coincided (see OCI Daily Digest, 12 May 51). It is unlikely that Nenni will fail to support the pro-Communist bloc in the forthcoming municipal elections, for which he has been campaigning vigorously. His apprehension, however, suggests fear that certain of his following are likely to vote for the new anti-Communist Socialist Party (PS) ticket in these elections, and even that important numbers may go over to the party in time to affect the national elections of 1953.

"A"

Rumored Plans for General Strike and Change of Leadership in Communist-Controlled General Labor Confederation.

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the directorate of the Communist Party (PCI) is pressing the Communist-dominated General Labor Confederation (CGIL) to call a 24-hour general strike exploiting the discontent of government workers and other labor groups. Rumors persist that CGIL chief Di Vittorio will be replaced because of lack of revolutionary fervor and transferred to the presidency of the CGIL Workers Relief Agency.

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██████████ COMMENT: In view of the imminent local elections and the government's relaxation of its previous hard attitude toward State employees who struck on 8 May, it is improbable that the non-Communist unions would support a Communist-called general strike. (see OCI Daily Digest, 12 May 51) Without their support, a general strike would have little prospect of success. Di Vittorio has consistently opposed PCI efforts to make the CGIL an instrument of party policy. In view of the great personal loyalty of many CGIL members to Di Vittorio, his replacement would undoubtedly arouse serious repercussions within the membership and might cause numerous withdrawals from the organization.

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Italian Police Arrest Rumanian Agent. ██████████

██████████ the arrest on 21 May of the Rumanian chauffeur of the Rumanian Legation in Rome. The chauffeur reportedly had classified Italian documents in his possession when arrested. He is reported to have talked freely since his arrest, stating that the Rumanian Minister feared Italian countermeasures following the arrests by the Rumanian Government in Bucharest of an Italian priest and an Italian Legation employee. (TS-SOPD 019, Rome, B-2, 24 May 51) COMMENT: The reported arrest bears out an earlier ██████████ report that an Italian decision was recently reached to arrest Rumanian personnel in Rome in retaliation for the arrests of Italian citizens by the Bucharest Government.

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"C" UNITED KINGDOM. Lord Pakenham succeeds Viscount Hall at the Admiralty. Prime Minister Attlee has appointed Lord Pakenham First Lord of the Admiralty in place of Viscount Hall who resigned in favor of a younger man. Lord Hall, nearing 70, had held the post since 1946. (U NY Times, 25 May 51) COMMENT: Lord Pakenham, who is 45, entered the government in 1946 as Parliamentary Under-Secretary for War. Before becoming Minister of Civil Aviation in 1948, he held an important position in the administration of British affairs in Germany and Austria. A convert to Roman Catholicism, Lord Pakenham has a standing in the Labor Party which depends partly on his connection with the Roman Catholic Trade Union Group and partly on a somewhat erratic personal brilliance. There is no reason to anticipate any significant change in the administration of the Admiralty or in Anglo-American naval cooperation from the appointment.

"C" UNION OF SOUTH AFRICA. Union Approaches UN Discussion of South-West Africa in Unyielding Mood. The Union Government has notified the UN of its willingness to participate in discussions with a special five-nation committee on the question of the former South African mandated territory of South-West Africa. (U NY Times, 25 May 51) COMMENT: This action does not mean that South Africa is any closer to accepting last year's conclusion by the International Court of Justice that the UN has a supervisory responsibility over this former German colony which has been virtually incorporated in the Union by the present government. Prime Minister Malan told the House of Assembly on 16 May that, while

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not yielding on any matter of principle, South Africa had agreed to negotiate with the UN committee on South-West Africa in an endeavor to find an acceptable solution which would also put South-West Africa beyond UN jurisdiction.

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He believes this is roughly the maximum attacking force owing to factors of terrain. If the outside assistance mentioned above is not forthcoming he would fall back on Cochinchina. Meanwhile, his clean-up operations in the delta are handicapped by the lack of a Vietnam Army capable of taking over pacified areas. (S, S/S Saigon 2044, 23 May 51). COMMENT: De Lattre's estimate does not appear to be unduly optimistic. The lack of an effective Vietnam Army remains one of the most serious shortcomings of anti-Communist action in Indochina, both from the immediate and long-run viewpoints.

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DAILY DIGEST OF SIGNIFICANT S/S CABLES25 May 1951

SECTION 2 (EASTERN)

"B" IRAN. Iran Pressing for Early Control over Oil Company. On 24 May, the Iranian Finance Minister informed the Anglo-Iranian Oil Company that, unless it appointed a negotiator by 30 May, Iran would be left with no choice but to act in accordance with the nationalization legislation. More detailed information concerning Iranian intentions is contained in an unconfirmed Parliamentary Oil Committee "blue print" for action which has reached the British Embassy in Tehran. This reported Iranian plan provides for: (1) establishing an Iranian managerial board to direct the oil industry; (2) taking over of the AIOC administrative offices in Tehran and then in Adaban; (3) offering a two year contract to most of the British technicians now employed by AIOC; and (4) progressively assuming control of the production and refining units. (S, S/S Tehran 2929, 23 May 51; Plain, Tehran 2955, 24 May 51). COMMENT: The Finance Minister's statement does not necessarily mean that Iran would take over the company immediately inasmuch as the nationalization law passed 30 April provides a maximum of three months to arrange for implementation. Serious differences have apparently arisen in the parliamentary oil committee, but the radicals seem to be definitely in control. If the "blue print" as outlined above indeed represents the government's plan, there remains little basis for negotiation, as the amount of participation left the British under the plan would be unsatisfactory to them.

"B" INDOCHINA. De Lattre Certain He Can Stop Chinese Communists. In conversation with Minister Heath, De Lattre stated that he feels that the Singapore Conference removed any doubt in the minds of the US and UK delegates as to the extreme importance of the military campaign in Indochina. De Lattre acknowledged the presence within Tonkin of several thousand Chinese Communists serving with the Vietnamese rebels, but reported no indication of Chinese units. With his scheduled reinforcements, De Lattre said he could handle the Viet rebels plus 50,000 Chinese "volunteers", providing the attack did not come before October. In the event of a post-October invasion, he hopes, with the assistance of unnamed allies to the extent of four infantry divisions and an aircraft carrier, to be able to repulse a Chinese attack of up to 150,000.

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