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20 September 1951

Copy No. 47

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CURRENT INTELLIGENCE BULLETIN

73
DOCUMENT NO. _____
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C 2001
NEXT REVIEW DATE:
AUTH. MR 70-2
DATE 7-12-89 REVIEWER

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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USSR

1. Air defense readiness noted in Vladivostok:

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[redacted]

Crew members of a B-29 who participated in a night mission in northeastern Korea on 25 August stated that while they were within sight of Vladivostok all the city and port area lights were blacked out simultaneously. The ability of the USSR to black out all the lights in a critical area simultaneously has been noted elsewhere and denotes a high degree of air defense readiness.

The crew also noted ten aircraft, believed to be single-engine jets, which took off in pairs from an unlocated airfield and followed the bomber for approximately half an hour at a distance of three to five miles.

Comment: The interceptor aircraft appear to have risen either from a Soviet airfield near the Korean border, on which no planes were known to be based, or from a North Korean field just below the border, previously believed to be inactive and unsuited to jet operations.

On the same day, a UN air strike on Rashin, located near the Korean-Soviet border, was closely observed by the Soviet naval antiaircraft organization. Soviet fighter aircraft were used for visual observation in waters adjacent to the border.

[redacted]

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FAR EAST

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2. Japanese officials believe Yoshida plans eventual rearmament:

[redacted]

Japanese Foreign Office officials believe that Prime Minister Yoshida plans to undertake effective Japanese rearmament at a propitious time. These officials state that Yoshida's

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14 September statement to the press opposing rearmament "for the time being" was prompted by a desire not to involve the peace and security treaties in the debate on rearmament, and also by a doubt that Japan, particularly in the light of undefined peace treaty obligations, has the economic strength to undertake large-scale rearmament at the present time.

The US Political Adviser suggests that Yoshida may desire public opinion to shift further before advocating rearmament, and comments that his political wisdom appears justified by the increasing awareness of the Japanese public, as reflected in opinion polls, of the need for defensive strength.

Comment: Yoshida's statement, various interpretations of which drew unusual attention in the press, actually does not reflect any change from his cautious pre-treaty attitude toward rearmament.

A series of public opinion polls during the past year indicates increasing support for rearmament; the latest, taken just after the peace treaty's signing, showed 76.3 percent in favor of rearmament and only 12.1 percent opposed. The vast majority of those favoring rearmament, however, think that rearmament should be postponed until the nation's economic reconstruction is further advanced.

It is a moot question whether rearmament solely for defense would require an amendment of the Japanese constitution's war renunciation clause, which in turn would depend upon a popular referendum.

SOUTH ASIA

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3. Ceylon refuses to prevent rubber shipment to China:

Urgent representations by the UK and US have failed to convince the Ceylonese Government that it should prevent the imminent shipment to Communist China of a full cargo of rubber now being loaded aboard a 4467-ton Polish vessel in Colombo. The details of the UK approach are unknown, but the American Ambassador clearly

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pointed out the adverse effect the shipment would have on US opinion regarding Ceylon. He also noted that, if the rubber goes forward, the US would neither issue an export license for 1,200 tons of sulphur desired by Ceylon, nor grant an exemption under export control regulations.

Comment: No satisfactory explanation for Ceylonese behavior has been made. Ceylon has been dissatisfied with American policy on purchase of its rubber. It may be attempting to force the US into preclusive buying at inflated prices. In any case, if the rubber is shipped and Ceylon is penalized, both the Ceylonese and the Indians may be expected to accuse the US of playing power politics in South Asia.

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NEAR EAST

4. Israel refuses to consider proposals for Arab-Israeli peace agreement:

[redacted] Israel's representative to the Palestine Conciliation Commission meetings in Paris has informed the chairman that Israel is still not prepared to receive the commission's proposals for an Arab-

Israel peace agreement. The Israeli representative maintains that the PCC should restrict itself to the choice of agenda items, leaving the actual negotiation of solutions under the agenda items to the Israeli and Arab representatives themselves.

According to the Israeli representative, his government can not "give" anything in the course of the negotiations and has in fact withdrawn its original offer of repatriating a certain number of Arab refugees. The commission chairman comments that there is little hope for success of the current meetings in Paris if Israel continues to object to further suggestions for solving the Arab-Israeli disagreements. The chairman further states that Israel's attitude is hurting the commission's relationship with the Arab delegations, who are now more favorable toward the commission's position than at any time in the past two and one half years.

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Comment: Israel's unwillingness to cooperate so far in the meetings of the commission is partly due to its annoyance at the Arab refusal to meet with the Israeli representative around the same table. The frank admission that Israel has no real concession to "give" to the Arab States offers little hope that the meetings in Paris will achieve any substantial success.

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5. Egyptian King unable to prevent treaty abrogation:

The Egyptian Royal Press Counselor has informed the US Ambassador that, unless Britain comes up soon with some new acceptable proposal, King Farouk will be forced to allow his government to abrogate the 1936 Anglo-Egyptian Treaty. The king, through his counselor, made it clear that he disapproved of the way his government has handled the negotiations. However, since abrogation has wide popular support, he feels compelled to go along. To do otherwise would involve "dismissing the government, dissolving parliament, and ruling by military force."

The counselor, in view of possible new proposals from the British, stated that he would suggest to the king that he attempt to delay the denunciation of the treaty.

Comment: Farouk, concerned over Egyptian stability and his own position, will delay abrogation as long as he deems such action compatible with his own security. Even if Middle East Command plans are completed quickly and Egypt is invited to participate, there is some doubt as to whether such an offer would assuage Egyptian nationalism sufficiently to prevent formal denunciation of the treaty.

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6. Plastiras and Venizelos to collaborate in Greek parliament:

General Plastiras, leader of the EPEK party, has told the American Embassy in Athens that he and Prime Minister Venizelos have decided

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to collaborate in parliament. Plastiras believes that such a combination would command a bare majority with 130 to 132 seats in parliament. According to him it was not yet decided whether the new government should be purely EPEK with Liberal support, or whether the Liberals should actively participate. Venizelos has previously told the embassy that he would prefer the former, since such a government would soon demonstrate Plastiras' utter incapacity to govern.

Comment: On the basis of Marshal Papagos' plurality he presumably will be asked to form a government. Papagos does not have a majority in parliament, and there are no indications that he will attract enough deputies from the opposition parties to form a government. A Venizelos-Plastiras combination would be highly unstable because of Plastiras' leftist views, the widely divergent policies of the two men, and the attacks that could be expected from the Papagos plurality.

EASTERN EUROPE

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7. Inclusion of Communists in new Finnish Cabinet unlikely:

The US Legation in Helsinki reports that inclusion of Communists in the new cabinet is very unlikely. According to the legation, the present Social Democratic-Agrarian coalition is expected to form the basis of the new cabinet, with representatives from the Swedish People's Party and possibly from the new National Party.

Comment: The new cabinet is being formed as a result of the National Diet elections in July in which the Social Democrats won 53 seats, the Agrarians 51, and the Communists 43. The Communist Party, though likely to be excluded from the cabinet as it has been for the last three years, will continue to be a potentially disruptive force in the Finnish political scene.

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8. Finland unwilling to curtail deliveries of certain strategic items to the USSR:

The Finnish Foreign Minister has informed the US Minister in Helsinki that Finland could not take steps to curtail deliveries of strategic items to the USSR. The foreign minister pointed out that aside from contractual obligations -- the Finnish-Soviet reparations and trade agreements -- compelling political reasons demanded that Finland make agreed deliveries. The minister's comments were categorical and left no apparent loophole.

Comment: The US has been particularly interested in halting the shipments of Finnish copper to the USSR which receives about 40 percent of Finland's yearly output of approximately 18,000 tons. While Finland is not willing to curtail its export of strategic items to the USSR, it has voluntarily undertaken to keep a close watch on irregular movements of such materials to the Soviet bloc. Finland has prevented illegal transshipments of strategic goods through its ports to the USSR, despite considerable Soviet pressure. Also, there are no known cases in which strategic goods imported for use in Finland have been shipped on to the Soviet bloc.

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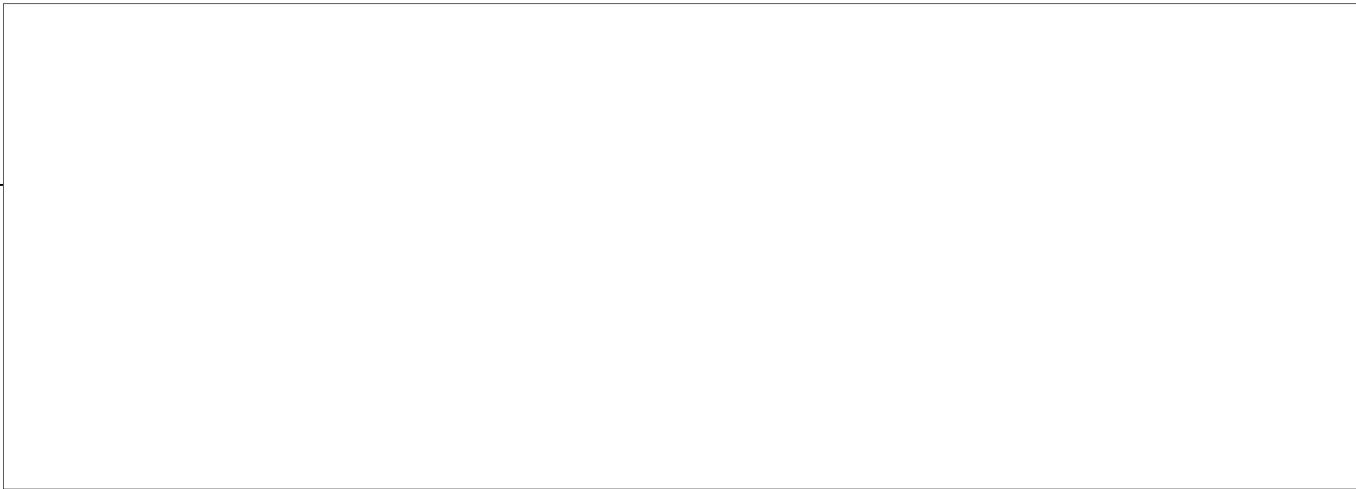
WESTERN EUROPE

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10. Comment on the British general election announced for 25 October:

Prime Minister Attlee's announcement of a 25 October general election comes at a time when his government is under fire on both cost-of-living and foreign affairs questions. Public opinion polls show the trend running markedly against labor.

The decision to dissolve parliament under these circumstances probably springs from a calculation that the Labor Party would fare worse if the election were postponed. On the economic side there is the likelihood that Britain's situation will continue to deteriorate; in particular, there may be a severe coal and power shortage this winter. On the political side the Labor Party probably feared facing three pending by-elections in which a poor Labor showing would not only whittle down the government's already precarious parliamentary majority but also leave it to confront a subsequent general election with greatly diminished prestige.

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