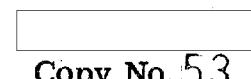


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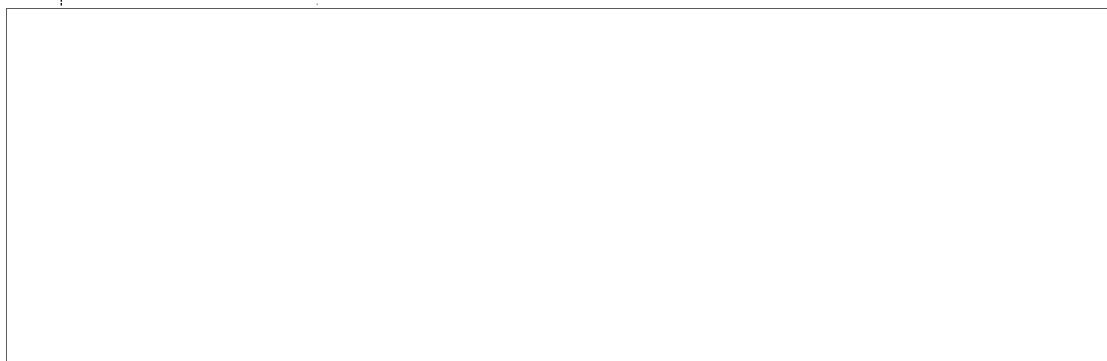
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SOVIET UNION

1. Soviet turnover tax collections lag:

Soviet Deputy Minister of Finance Uryupin recently notified his subordinates that collection of the turnover tax in the first quarter was lagging in certain branches of the economy.

3.3(h)(2)

Uryupin recommended that particular attention be paid to the shipment and retail sale of goods by seeing to it that trading organizations carry a full line of merchandise. He urged that goods be forwarded faster to the retail trade system and that paper work be accelerated to enable prompt return of funds to the treasury.

Comment: More than 50 percent of the total revenues of the USSR are derived from the turnover tax, which is levied on all retail transactions. The planned yield for this tax in 1952 is 260 billion rubles, or 12 percent more than in 1951.

The lag in tax collection therefore indicates that retail sales were behind schedule, probably because of the continued scarcity of consumer goods in the USSR.

FAR EAST

2. Anti-Communist demonstration in Tibet suppressed by force:

The Indian Ministry of External Affairs, commenting on the recent report from its Lhasa representative of a clash between Tibetans and Chinese Communist troops, attributes the demonstration primarily to a food shortage aggravated by the presence of Chinese soldiers, and to the growing unpopularity of the Chinese in Tibet.

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The American Embassy at New Delhi believes that the Chinese face an increasingly difficult situation in Tibet with the growing possibility of more uprisings.

Comment: The presence of from 10 to 15 thousand Communist troops has been a burden on Tibet's limited food supply. The Chinese, however, have full military control and can suppress any opposition.

3. Indian proposals for settlement of Indochina war reported:

3.5(a)(2)

Madame Pandit, who is heading an Indian cultural mission to Peiping, is carrying proposals for cessation of hostilities between the French and the Viet Minh.

The American Embassy in Bangkok observes that while it cannot evaluate this report, it is possible that Nehru may have asked his sister to sound out Viet Minh representatives in Peiping as well as the Chinese and the Russians.

Comment: There is no confirmation of this report. As long ago as 17 March, the French Ambassador in New Delhi reported to Paris that the Secretary General of the Indian Ministry of External Affairs had told him that press reports suggesting India's possible role as a mediator were "purely imaginary." At that time, the Secretary General added that India had no desire to assume such a role.

NEAR EAST - AFRICA

4. Iraqi Prime Minister eager to solve the Sudan issue:

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Iraq's Prime Minister Nuri Said, currently in London, has informed the Egyptian Ambassador that he is most interested in going to the Sudan to obtain its acceptance of Farouk

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as King. The Prime Minister stated that he was "most anxious and perturbed" because the Egyptian Premier had not answered his earlier offer to go to the Sudan or to Cairo.

The Iraqi Prime Minister stressed that Egypt had everything to gain if his mission were successful, while only he would be blamed for failure.

Comment: Nuri Pasha, able pro-British politician, has long been concerned over the serious situation in Egypt, and he has repeatedly offered to mediate.

This latest offer, though likely to be rejected, emphasizes the continuing pressure that Arab leaders are bringing to bear on Egypt to come to terms with Britain, which in turn would make possible consideration of Middle East Command proposals.

5. French official says cabinet adamant on Tunisia:

3.3(h)(2)

The Chief of the Protectorates Division of the French Foreign Office told the American Ambassador on 5 May that Foreign Minister Schuman's liberal attitude on Tunisia was not endorsed by other members of the Pinay Cabinet. The Cabinet, he said, was not in any mood to accept "dictates of the United Nations led by such feudal and backward countries as Yemen."

The official added that France would withdraw from the United Nations rather than submit to a "succession of attacks aimed at complete destruction of the French Union." France will not willingly allow the UN to make "unrealistic" decisions which weaken the family of free nations and serve the purposes of the Soviet Union.

Comment: Despite their oft-repeated assertions that matters affecting Tunisia are an internal French consideration, the French have under international pressure released former Tunisian Premier Chenik and his ministers and scheduled the Mixed Commission to meet before 16 May. These gestures, however, do not mean that the Pinay government intends to grant genuine reforms.

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6. Greece and Turkey agree to military talks with Yugoslavia:

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Greece and Turkey agree that close collaboration with Yugoslavia is indispensable for their joint defense effort. Both countries are willing to approach Yugoslavia, and the Turkish Foreign

Minister will inform the Yugoslav Ambassador in Ankara that Turkey wishes to start talks immediately.

Greek and Turkish officials believe that Yugoslavia wants military talks but is reluctant to start them because of its internal political situation. The Greek Foreign Office official who told this to Ambassador Peurifoy added that to create goodwill a group of Greek deputies plan to visit Yugoslavia soon, and a return visit presumably will be made by Yugoslav deputies.

Comment: There are increasing indications that Yugoslavia would welcome secret discussions concerning local military cooperation with Greece and Turkey. Ambassador Peurifoy also reported that the newly appointed Yugoslav Military Attaché in Athens had told the Chief of the Greek General Staff that the Yugoslav Army will "protect" the Greek-Yugoslav border in case of war.

EASTERN EUROPE

7. Yugoslavia plans to occupy Albania in event of war:

3.3(h)(2)

The Yugoslav Minister to Greece informed a Greek Foreign Office official on 28 April that in the event of war or at the threat of war, Yugoslav forces would occupy Albania.

The Greek official replied that by acting alone the Yugoslavs would unnecessarily weaken their long eastern front, and that they should discuss the matter with Greece, Turkey, and "perhaps with others." The Yugoslav Minister implied that his government would re-examine the question of military talks.

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Comment: It is apparent that the Greek Government will press the Yugoslavs for an agreement defining spheres of interest or at least planning joint military operations in Albania, whenever representatives of the two countries conduct proposed military discussions. This will be a delicate problem, as the Greeks have traditional territorial aspirations in southern Albania and both governments want to create a sympathetic Albanian regime.

WESTERN EUROPE

8. Adenauer's hand strengthened by local elections:



In the Hessian communal elections of 4 May, the West German Social Democratic Party (SPD) lost some public support, relatively, while Chancellor Adenauer's Christian Democratic Party maintained its position.

3.5(a)(2)

This election and the Southwest State election of 9 March indicate that the upswing in SPD strength which started in 1950 has leveled off. [redacted] if federal elections were held now, as the SPD demands, the Social Democrats would be unable to form a government.

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Comment: Since Hesse is normally an SPD stronghold, and since federal issues became involved in the elections, the results suggest a rising public approval of Adenauer's policies.

9. West German coalition will probably approve contractual agreements:



While the West German coalition parties have become increasingly critical of the Allied-German contractual agreements as the signature date approaches, it is generally felt in Bonn that in any showdown, Chancellor Adenauer will get their approval to sign the agreements. Rumors that the Allies might grant further concessions stimulated the criticism.

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No government party is willing to accept responsibility for either the breakdown of the current negotiations or the rejection of the agreements, since the alternative arrangement is the perpetuation of the Occupation Statute.

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