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50X1

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S U M M A R Y

F A R E A S T

1. Control of Japanese Liberal Party still in doubt (page 3).

N E A R E A S T - A F R I C A

2. Tudeh-inspired agrarian unrest increases in northern Iran (page 3).
3. Mossadeq presents "new" oil proposal (page 4).
4. Tension increases on Saudi Arabian border (page 4).

50X1

W E S T E R N E U R O P E

6. Swiss traders offer strategic metals to East Germany (page 5).
7. New Italian left-wing party may soon be organized (page 6).

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FAR EAST

1. Control of Japanese Liberal Party still in doubt:

50X1

[redacted] Prime Minister Yoshida's personal secretary informed American Embassy officials on 8 October that the Yoshida and Hatoyama factions of the Liberal Party were about equal in size, with neutrals in the majority. He was confident that a party split would be avoided, but admitted the difficulty of finding a face-saving compromise in a situation where "one of the two men must be defeated."

The Embassy believes that the secretary's failure to predict an eventual Yoshida victory, his intimation that a compromise was almost impossible, and his acknowledgment that the Hatoyama faction had approached the Progressive Party in regard to a coalition, are all indications of pessimism and frustration among the Yoshida supporters.

NEAR EAST - AFRICA

2. Tudeh-inspired agrarian unrest increases in northern Iran:

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[redacted] Tudeh-inspired peasant demands for more drastic agrarian reform have resulted in increased unrest in the Iranian provinces, according to the American Embassy.

Landlords have reportedly been assaulted by tenants. The peasants are also being incited by the mullahs, who have become increasingly important politically.

[redacted] the gendarmerie, without the assistance of the army, can no longer be relied on to maintain order.

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Comment: [redacted]

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[redacted] the countryside is becoming increasingly restive. The slowly deteriorating economy is another factor in promoting disorders.

3. Mossadeq presents "new" oil proposal:

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[redacted] Prime Minister Mossadeq informed Ambassador Henderson on 7 October that his "new" offer to Great Britain was being made out of respect for Secretary Acheson's request that

Iran not break off relations with Great Britain.

Mossadeq added that he would ask the AIOC to pay Iran 20,000,000 pounds by 14 October and prior to sending representatives to Tehran to negotiate within the limits of his previous proposal. The company would also be required to pay the remaining 29,000,000 pounds previously demanded within three weeks of the arrival of the negotiators. Iran would be willing to consider any counterproposal which was advantageous both to the AIOC and to Iran.

Comment: While Mossadeq's new suggestions clearly indicate a willingness to bargain, they are no advance toward settling the problem. Despite his obvious need for financial aid, Mossadeq appears still to be a prisoner of the nationalism he has aroused.

4. Tension increases on Saudi Arabian border:

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[redacted] The British Foreign Office is concerned over a report that the Sultan of Muscat, who is under British protection, is assembling a considerable force to oust the Saudi Arabians from the disputed Buraimi area on the Persian Gulf. The Saudi Arabians in turn have reportedly sent in armed reinforcements.

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Comment: [redacted]

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diplomatic reports indicate growing tension in Jidda over developments in the disputed area. The United States has encouraged the disputants to resume direct negotiations as a counter to Saudi Arabia's request for American intervention.

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WESTERN EUROPE

6. Swiss traders offer strategic metals to East Germany:

[redacted] two Swiss traders has offered East Germany 18,000 tons of electrolytic copper, 10,000 tons of nickel, 1,000 tons each of aluminum and lead, and

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82,500 tons of iron and steel scrap. Certificates of western destination were promised in most cases, and prices substantially above world market levels were quoted for delivery at west European ports, except for 17,000 tons of the copper which was designated f. o. b. San Antonio, Chile.

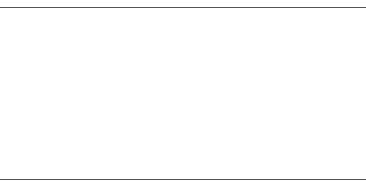
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Comment: Western export controls call for embargo of the above metals except for lead and aluminum, which are quantitatively controlled. These traders are not known to have supplied strategic items to the Soviet-dominated countries previously, but transshipments of metals have been arranged by other Swiss firms.

Although deliveries in the near future on such a scale appear unlikely, access to smaller quantities would be important to East German industrial expansion.

The amount of Chilean copper offered approaches the estimate of 20,000 tons believed to have reached all Orbit countries in the twelve-month period ending in May 1952.

7. New Italian left-wing party may soon be organized:



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A national congress will be held in Naples on 11 and 12 October under the auspices of the Nenni Socialists for the purpose of organizing a new political party to be called

the Radical Democratic Party,

Former Premier Nitti and Senator Labriola, prominent member of the Peace Partisans, are mentioned as supporters of the move.

Nitti reportedly has asked Communist chief Togliatti for "full guarantees of autonomy" for the new party in the event of a leftist front victory in the 1953 elections.

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This is the development on a national level of the "citizen front" idea tested by the Communists in Rome and Naples during the local elections last May.

Comment: This maneuver would be in line with the Stalin-Malenkov strategy of sponsoring front groups to attract elements dissatisfied with government policies in Western countries.