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CENTRAL INTELLIGENCE AGENCY

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WESTERN EUROPE

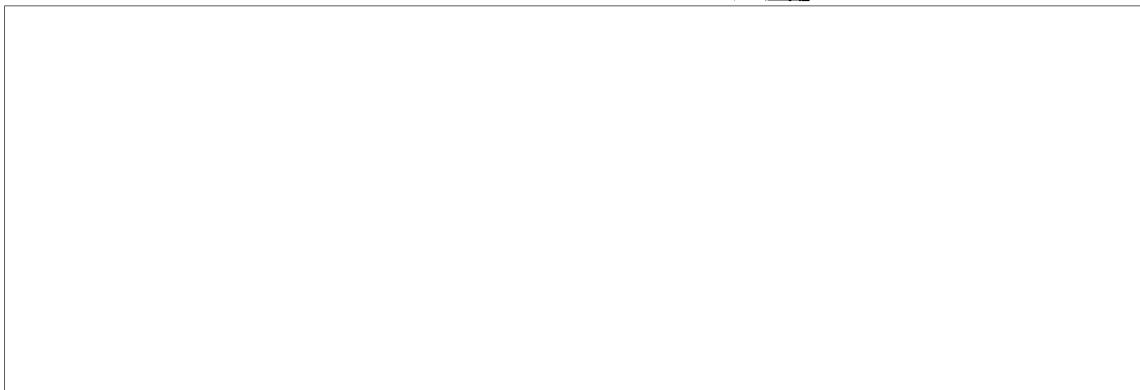
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~~TOP SECRET~~**GENERAL****1. Viet Minh discusses role at Geneva conference:**

Comment: Moscow has not explicitly stated that it will sponsor Viet Minh attendance at Geneva, but shortly after the Berlin conference the Communists began preparing their case on behalf of the Viet Minh at the Geneva conference.

The interest in land reform documents indicates that Moscow will present detailed evidence at Geneva to bolster the Viet Minh claim of being the only effective government in Vietnam. Viet Minh propaganda cites Ho's success in land reform as proof of this claim.

2. Impasse expected on selection of chairman at Geneva:

UN secretary general Hammarskjold told Ambassador Lodge on 20 April that he is " disinclined" to accept the chairmanship of the Geneva conference. He said he would reconsider, however, if this proved to be the only way to "get the conference going."

Comment: The USSR and Communist China could be expected to oppose Hammarskjold as chairman. Both have consistently sought to avoid any impression that the Geneva talks will be held under UN auspices.

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Any proposal for rotating the chairmanship among the four sponsors of the conference would almost certainly meet Soviet insistence that Communist China be included as a sponsoring "big power." On the other hand, rotation of the chairmanship among the 19 participants would be unwieldy and would grant the North Korean and Chinese Communist regimes considerable prestige.

SOVIET UNION

3. Preliminary announcements suggest decrease in direct Soviet military expenditures:

The USSR, in adopting its highest budget in history, has reduced explicit allocations for the maintenance and equipment of Soviet armed forces to 100.3 billion rubles, or 10

billion rubles less than in 1953, it appears on the basis of preliminary announcements. This apparent decrease in military spending does not necessarily indicate any diminution in the development of long-term Soviet capability to wage war.

Soviet budgets do not include outlays for atomic energy and development of new weapons in the category of direct defense expenditures.

Increased expenditures earmarked for investment in agriculture and consumer goods industries and for social and cultural services offset the decline in direct military spending.

This reduction in direct defense allocations continues the trend first noted last year, when the conventional military allocation fell three billion rubles below the 1952 figure.

WESTERN EUROPE

4. Adenauer may ask for West German "sovereignty":

Chancellor Adenauer

may ask the Allies to issue a declaration conferring sovereignty on the

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Federal Republic along the lines of the contractual agreements, [redacted] The chancellor told Social Democratic chairman Ollenhauer that he might ask for Socialist support for such a move after the Geneva conference if EDC appears doomed.

Comment: The report suggests Adenauer believes that if EDC has not been ratified by late June or early July, or at least before summer parliamentary recesses, his party's popularity may be threatened by a press campaign calling for an immediate advance in West German sovereignty. A series of important state elections is scheduled in West Germany for this summer and fall.

5. [redacted]

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LATE ITEM

6. Possible new type Soviet medium jet bombers sighted near Moscow:

On 19 April during a practice fly-by for the May Day Air Show, six unidentified swept-wing medium jet bombers of the B-47 class were observed in formation near Moscow. Also sighted in the formation were approximately 70 MIG-17 (Type-38) jet fighters, 80 IL-28's and a single Type-37 heavy bomber. The medium bombers were sighted at a distance of approximately 2 1/4 miles while the Type-37 was sighted at a distance of approximately one mile. Photography of the Type-37 was obtained and reported as fair. Photos of the medium bombers are reported as extremely poor and of doubtful value.

Weather at the time of the fly-by was overcast at 4,000 feet with 3 to 4 miles visibility in haze. Due to the distance and visibility, none of the observers could give specific details on the medium jet bombers. General observations, however, revealed that they were more than twice the size of an IL-28 but not as large as the Type-37. Other characteristics noted consisted of a single fin and rudder and wings sharply swept back and tapered with no visible protrusions such as pod engines. One observer, who had the best view, stated that the mediums resembled a B-47 and were about the same size.

According to observers, the Type-37 was definitely powered by turbo-jet engines which were buried near the fuselage with two oval air intakes on the leading edge of each wing. Two exhausts were noted protruding aft of each wing--wings which appeared to be mounted slightly above the mid-fuselage. Objects similar to fuel tanks appeared on each wing tip. The leading edge of the wing appeared mounted into the fuselage about one-quarter of the way back from nose--the trailing edge half of the way back. The wing was described as having a slight negative dihedral while the horizontal stabilizer has considerable positive dihedral. A slight protrusion under the forward part of fuselage appeared to be a radome. The nose section appeared to resemble that of a DC-6.

US Air Attaché Comment: The six unidentified medium bombers are probably the same aircraft seen in three ship vees on 18 April. The Type-37 is probably the aircraft seen flying the regular parade route with 24 IL-28's.

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D/I USAF Comment: It is possible that the nine jet bombers seen on 18 April and reported as Type-37's are actually the medium jet bombers which appeared the following day. In any case, a firm evaluation of these highly significant sightings must wait the receipt of the photos already obtained and additional sightings and photos which will most probably be made before and during the air show.

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