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SECURITY INFORMATION

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GENERAL

1. Indonesian delegation to Moscow allegedly offers rubber to the USSR:

[redacted]

The Economic Secretary of the Singapore Government states that he has fairly reliable information that Indonesian representatives to the Moscow Economic Conference emphasized to the Russians that the difficulties of the Indonesian rubber producers result from American "price-depressing tactics." They appealed for Russian help and offered "unlimited quantities" of Indonesian rubber to the Soviet Union.

3.3(h)(2)

Comment: Within the past month the Indonesian Government has conducted conversations with at least three central European countries for the exchange of raw materials, including rubber, for capital goods.

Indonesia is not known heretofore to have approached the USSR to sell rubber,

[redacted]

3.3(h)(2)

FAR EAST

2. Far East Command sees no imminent Communist offensive:

[redacted]

The Far East Command, in a review of the enemy's intentions and capabilities in Korea, observes that "there are no indications of an imminent attack." The comment continues, however, to point out that the Communists have made good use of the relative quiet provided by the cease-fire to reinforce, both in men and materiel, and to re-deploy and retrain their units.

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The enemy, FECOM estimates, is able to launch a major offensive with little warning. The duration of such an attack would depend on the Communists' ability to keep their advancing units supplied.

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NEAR EAST - AFRICA

3. Egypt attempts to purchase ammunition from Argentina:

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[redacted] Argentine Government to obtain a "firm tender" for armor-piercing, incendiary, and ordinary ball ammunition. [redacted]
 [redacted] the government will authorize Argentine firms to offer Egypt the type of ammunition desired.

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Comment: Since Egypt has been unable to obtain arms from the United States and Britain as a result of the Anglo-Egyptian dispute, it has been attempting to obtain them from other countries. Egypt now has agreements to purchase certain arms from Spain, Switzerland and Czechoslovakia.

4. King reportedly considers dissolving Greek Parliament:

3.3(h)(2)

[redacted] The King may dissolve parliament next week and declare new elections, in the opinion of Deputy Karapiperis of the Greek Rally. The Deputy visited Papagos on 8 April and found the latter pleased with a recent audience he had with the King. Papagos thinks that the King will not take an unfriendly position toward him, as in the last elections.

Comment: In early March the King reportedly considered dissolving parliament in view of the illness of Prime Minister Plastiras. The outgoing government has the right to designate the system to be used in the following election. It is doubtful, therefore, that parliament would be dissolved before the current controversy over the electoral system is settled.

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While it seems certain that the majority system, which would favor the Greek Rally, will be employed, the Palace and the Liberals are said to be attempting a gerrymander in order to reduce Papagos' strength in southern Greece.

WESTERN EUROPE

5. Britain believes four-power talks on German unity may be necessary:

[Redacted]

Foreign Secretary Eden plans to tell the British Cabinet that four-power talks on all-German elections may be a necessary prelude to French and German ratification of the European Defense

3.3(h)(2)

Community and the contractual agreement. Eden, who sees no need for a prompt reply to the Soviet note of 9 April, believes that the West should continue to press for signature of both treaties, meanwhile taking into account British and Continental opinion toward subsequent ratification.

The American Embassy in London, recalling Churchill's and Eden's often expressed willingness to negotiate with the Soviet Union under favorable circumstances, expects that the British Labor Party's continuing fear of a rearmed Germany will lead it also to demand further probing of Soviet intentions.

Comment: The West German Government, especially Chancellor Adenauer, opposes four-power discussions on unity at this time. France, however, would probably not reject such talks if Britain insisted.

6. French-German controversy over Saar worsens:

[Redacted]

The recent developments in the Saar are forcing both France and the Federal Republic into antagonistic positions from which it will be increasingly difficult to retreat, according to

3.3(h)(2)

American representatives in Bonn. The French, indignant over German Government-sponsored propaganda in the Saar, have now angered the Germans by banning a German magazine which criticized the French Ambassador to the Saar.

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American officials fear that when the Bundestag debates the Saar issue on 23 April, dissident elements in the coalition might, under the goading of the opposition, demand a Saar solution before the ratification or even signing of the contractual agreement and the European Defense Community treaty.

One of Adenauer's close advisers, Blankenhorn, remarks that it is useless now to negotiate with the French for a definitive Saar solution, since Schuman is "discredited in Paris" and could make no binding commitments.

Comment:

3.3(h)(2)

Widespread French feeling that Schuman is too pro-American almost led to his exclusion from the Pinay Cabinet.

7. German Protestant leaders discuss Soviet note:

3.3(h)(2)

Christian Democratic Union (CDU) leaders and Dr. Gustav Heinemann, President of the Synod of the all-German Protestant Church, and Pastor Koch of the West Berlin Evangelical Church, concluded in agreement to rally all possible forces for a peace treaty.

During the discussion, Heinemann emphasized that although the Oder-Neisse line is painful to many Germans, it is a problem subordinate to the maintenance of peace. His attempt to discuss the Weimar election law was rejected by the East Germans, and his request for an amnesty of prisoners in East Germany met with evasion.

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Comment: The East German CDU has been used extensively to recruit support among West Germans for the East German position on unification. Strong efforts have been made to use such "neutralists" as Heinemann and Pastor Niemoeller to gather support. The tenor of this meeting suggests that Koch and Heinemann will continue to support the East German ideas on unification.

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