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GENERAL

1. Britain sees advantage for USSR in recent exchange of notes on Germany:

[Redacted]

The chief of German affairs in the British Foreign Office says that the Soviet Union has unquestionably derived some advantage from the recent exchange of notes on a German peace treaty. He believes that German opinion has been so softened that the Russians can now make "real trouble" by accepting the principle of all-German elections under quadripartite supervision, meanwhile insisting on four-power treaty talks and simultaneous East-West German discussions of election conditions.

3.3(h)(2)

This British official thinks that the current lack of progress in the Allied-German contractual negotiations may be due largely to the tendency of negotiators on each side to count too heavily upon concessions from the other, and to French hesitancy now that close relations with Germany are imminent.

Comment: Foreign Secretary Eden has suggested that the USSR may be willing to offer a big price, such as a relaxation of its control over East Germany, in order to start negotiations which would prevent West Germany's prompt integration into the Western defense system. The Russians could then stall these negotiations as they have done in the case of Austria.

2. Paris embassy expects Soviet rejection of Western arguments on Germany:

[Redacted]

The United States Embassy in Paris believes that the Soviet rejoinder to the Western reply on the German treaty proposal "will contain rejection and detailed argumentation against particular Western points." The major issue upon which the Soviet Union will now concentrate will be the alleged alternatives between unification of a peaceful, independent Germany, and integration of Germany into a Western bloc that is feverishly rearming.

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The Embassy also believes that the USSR will not dwell on the German boundary question in its reply in order to avoid reopening the entire question of the Oder-Neisse line, but that it may inject the Saar issue in order to appeal to German opinion. In order to offset the weakened position of the French Communists, who were embarrassed by the USSR's support of a German army, the reply may spell out the Soviet concept of limited national armed forces for defensive purposes.

The Embassy maintains that the USSR may wish to postpone the final detailing of concessions it is willing to make until the development of the "crisis" which it anticipates later this year in France and possibly Great Britain.

SOVIET UNION

3. Volga-Don Steamship Agency recruiting personnel:

[Redacted] The Chief Director of Personnel in Moscow recently authorized the transfer of an Amur River Steamship Agency engineer to the Volga-Don Steamship Agency.

3.3(h)(2)

Comment: The establishment of the Volga-Don Steamship Agency and the hiring of personnel suggest that this organization is about to begin operations.

[Redacted] Russian announcements have stated that the canal would be open in July of this year.

3.3(h)(2)

The opening of the canal would be the most important single advance in recent years in Soviet inland water transport which currently carries about eight percent of all freight moved annually in the USSR.

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FAR EAST

4. French official considers situation in Indochina "catastrophic":

 Acting High Commissioner Gautier in Indochina
is reported) 3.3(h)(2)

having very recently described the military
situation in Indochina as "catastrophic." 3.3(h)(2)
as

Comment: Reliable current reports do not indicate that the military situation in Indochina is catastrophic, but rather that it is slowly worsening. Although French forces appear capable of holding roughly their present positions for many months and of achieving some local successes, relative Viet Minh capabilities are steadily increasing.

NEAR EAST - AFRICA

5. British proceeding with constitutional development in Sudan:

3.3(h)(2)

 The British Ambassador in Cairo is disappointed at the decision of the Governor General of the Sudan to introduce the new draft constitution into the Legislative Assembly on 2 April, despite the recent insistent demands of the Egyptian Government that Britain delay its plans.

Comment: Foreign Secretary Eden stated last November that progress toward self-government in the Sudan should continue and that the government welcomed the prospect of the new constitution's being in operation by the end of 1952.

This constitution, which provides for an all-Sudanese Council of Ministers responsible in most respects to a parliament composed largely of elected members, would remain in effect until a Sudanese Constituent Assembly is elected sometime in 1953 to determine the future status of the territory.

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EASTERN EUROPE

6. Attempted assassination of Czechoslovak Minister of National Security reported:

[redacted] Minister of National Security Karel Bacilek
and his driver are both hospitalized with
wounds received when the Minister's car
was fired upon within the last few days, [redacted]

3.3(h)(2)

Comment: Organized resistance as such has
been negligible in Czechoslovakia.

Bacilek is a veteran Czechoslovak Communist
who has risen rapidly in the governmental hierarchy. He was appointed
Minister of State Control in September 1951 and replaced Ladislav Kopriva
as Minister of National Security in January 1952.

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