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SECURITY INFORMATION

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CENTRAL INTELLIGENCE AGENCY

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~~TOP SECRET~~**GENERAL****1. West German officials minimize importance of Soviet reply:**

According to High Commissioner McCloy, Chancellor Adenauer feels that the Soviet note of 9 April represents no essential change from previous Soviet proposals. An official of the Ministry of All-German Affairs believes that the statement will have even less impact in the Federal Republic than the note of 10 March.

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Adenauer contends that before a four-power conference is held Moscow must make at least an "approach to agreement" on the full sovereign right of Germany to form alliances, on German defense forces, and on frontiers.

The Ministry representative believes that Moscow is still probing, not feeling pressed for time. He considers that the Russians are undoubtedly prepared to develop their idea of four-power inspection of electoral conditions. He argues that ultimately a four-power conference will have to take place to convince the West Germans of the impossibility of unification, but only after Western "fencing" with the Russians through a further exchange of notes. The Ministry official believes that West German negotiations on integration should be pressed without delay.

**NEAR EAST - AFRICA****2. Communist propaganda increasing in Iraq:**

Communist propaganda appearing in books and in the press in Iraq is showing a marked increase in volume. It appears to follow the Moscow line more closely than usual and is reportedly prepared in Prague and sent to Iraq via Egypt, where it is translated into Arabic. Some of the material is printed by Iraqi presses.

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Efforts of the Iraqi police to stop this type of Communist activity have been unsuccessful because court convictions can be obtained only if the propaganda attacks the government or raises issues which would directly contribute to the country's instability.

Most of the Communist activity in Iraq is directed by a six-man group of the Iraqi Lawyers' Association. The Communist Party is reportedly concentrating on students and intellectuals.

3. Papagos agrees to formation of interim government in Greece:

Greek opposition leader Papagos has agreed to the formation of a short-term "technical government" to carry out urgently needed economic reforms. He refuses to participate in a vote of confidence in such a government, however, apparently believing that to do so would enable it to remain in power indefinitely. He suggests that new elections be held on 15 July.

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Comment: The weak government coalition has already lasted longer than was generally thought possible at its inception in September 1951; the present proposal is one of several made recently as the pressure for its dissolution has increased.

While the idea of an interim government may appeal to Papagos as a means of extricating himself from the predicament created by his party's boycott of parliament, he is unlikely to cooperate with any government whose Ministers he can not approve.

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## EASTERN EUROPE

4. Trials of Polish resistance groups continue:

[redacted] a military tribunal in Kielce condemned to death three members of a resistance band and sentenced three others to prison. The individuals convicted were accused of having engaged in "banditry" against the local people from 1946 until last November.

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The American Embassy reports from Warsaw that during the first week of April six young "diversionist-terrorists" were tried in Krakow. One received a life sentence and the remainder terms of ten to fifteen years. This group was charged with "armed robberies and assaults on government offices."

In both of the above trials, accounts in the public press were limited to the newspapers of the immediate area where the trials were held.

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## LATIN AMERICA

5. New Bolivian Government to nationalize mines and railroads:

[redacted] The Acting President and the Minister of Mines and Petroleum of the new Bolivian Government established by the Nationalist Revolutionary Movement have stated that

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the mines and railroads will be nationalized. This was confirmed in Buenos Aires by Victor Paz Estenssoro, the Movement's leader, who has not yet returned to Bolivia.

Conservative members of the Movement "take a dim view of the future" and feel certain that the government will be anti-US and little more than "an Argentine province."

Comment: The new government is almost certain to demand higher prices for tin.

Several members of the new cabinet are known to be pro-Argentine and others have received financial aid while exiled in Argentina. Paz Estenssoro's attitude toward Argentina has been reported as cool.

#### 6. Possible revolutionary attempt in Ecuador:

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A revolution is being planned by presidential candidate Velasco Ibarra and Major Guevara Moreno of Guayaquil.

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Government officials have reportedly discussed plans for counteracting the movement and creating a pretext for the arrest of Velasco.

The US Embassy in Quito comments that the violence in Cuenca on 12 April when Velasco supporters clashed with proponents of another presidential candidate may be the forerunner of more serious disturbances.

Comment: There have been reports that at least one dead and 31 wounded resulted from the clash in Cuenca on 12 April.

Velasco, a compelling right-wing demagogue, apparently decided to return to Ecuador from his exile in Argentina after conversations with emissaries of the neo-fascist revolutionary Guevara Moreno.

There have been reports of plans for a preventive coup by the Defense Minister. This, however, would run directly counter to President Galo Plaza's known desire to preserve democratic processes at all costs.

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