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15 May 1951

Copy No. CI-9  
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## CURRENT INTELLIGENCE BULLETIN

26  
DOCUMENT NO.                   
NO CHANGE IN CLASS.   
 DECLASSIFIED  
CLASS. CHANGED TO: TS S 2009  
NEXT REVIEW DATE:  
AUTH: HR 70-2  
DATE: 12-15-99 REVIEWER                 

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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3. Plight of American community in Shanghai:3.3(h)(2) *Chis*

A leader of the American community in Shanghai reports that "almost all" US nationals have decided that it is useless for them to remain longer in Communist China, and states that it is futile to attempt to protect US interests in Shanghai. This spokesman, believing that almost all Americans in Shanghai would leave if they could, suggests that the US Government consider attempting to arrange a mass evacuation of the approximately 100 Americans remaining in the city. However, the US Consul General in Hong Kong doubts that the Communists would permit such a mass evacuation.

Comment: This information is confirmed from other sources. The Consul General in Hong Kong is probably correct in concluding that the Communists would not permit a mass evacuation. While the majority of Americans now in Shanghai will probably be permitted to leave, unreasonable claims have been made against several, others have been arrested for "espionage," and further extravagant claims and arrests are expected.

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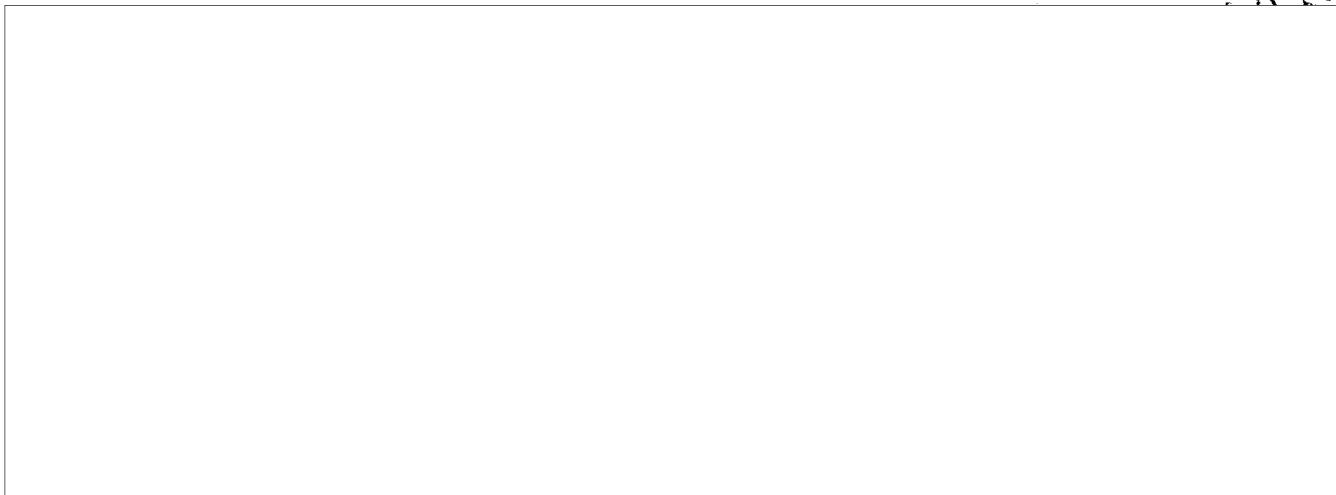
~~TOP SECRET~~**SOUTH ASIA***APPENDIX  
PART 1***5. Afghanistan reports failure in talks with Pakistan:**

Afghan For Min  
 Kabul Circular  
 6 May 51  
 ACORN

The Afghan Foreign Ministry has informed its embassies and legations that the informal but government-sponsored talks between Afghanistan and Pakistan had broken down as of 6 May. The Foreign Minister asserts that it has refused to accept the concept of Pakistani sovereignty over the Pushtu tribes (closely related to and practically identical with the Afghan tribes) residing in the Northwest Frontier Province of Pakistan. The Afghan Foreign Ministry concludes with the statement that until Pakistan agrees to discuss this Pushtu problem, Afghanistan will not agree to the exchange of ambassadors nor to stop its propaganda against Pakistan.

Comment: The Afghan Foreign Ministry's blunt report indicates that there is no softening in the attitude of either government. There is no evidence to indicate that progress toward a settlement may be expected.

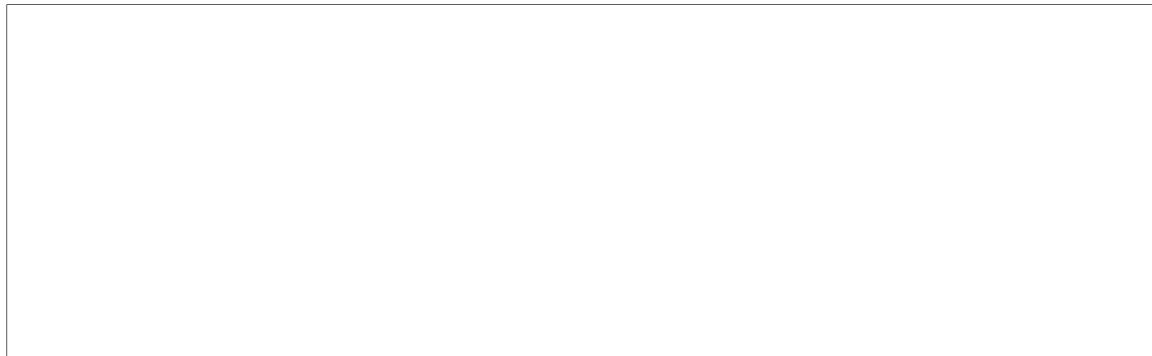
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## EASTERN EUROPE

*Poland*

7. Unrest reported in Polish coal fields:

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The US Embassy in Warsaw reports

[redacted] [redacted]  
 [redacted] unrest, sabotage and strikes in the Dabrowski coal region in southern Poland. The miners are dissatisfied with the increased production norms and working hours, but have reportedly been forced to accept the new conditions. The Embassy points out that Polish coal production should be adversely affected by this development and concludes that, since the government will probably be unwilling to reduce the present tempo of its industrialization program, it may have to curtail coal exports to Western Europe.

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Comment: This report of unrest among the coalminers, like the recent reports of strikes by dockworkers in Stettin, illustrates the restiveness of the Polish population. A large measure of this unrest is traceable to the greatly reduced standard of living resulting from revaluation of the zloty last fall. The Polish Government, faced with deteriorating coal mining machinery and large commitments for foreign coal deliveries (ten million metric tons for 1951 to Western Europe), has endeavored previously to increase coal production by making various concessions to the coal miners. In addition, Army recruits have been formed into labor battalions and used in the coal mines in an effort to maintain production (estimated at 76 to 78 million tons for 1950). Curtailment of Polish coal deliveries to

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Western Europe will reduce the amount of strategic materials Poland can obtain. Polish trade negotiations with Western European countries during the past six months have revolved in most cases around the question of what strategic materials Western Europe would barter for Polish coal.

**8. Labor unrest widespread in Rumania:**

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The US Legation in Bucharest reported in a 10 April despatch that the Rumanian Government's drive to whip labor into line is faced with continuing difficulties. The most spectacular manifestation of unrest was a "symbolic" strike of Bucharest railway workers in March, which affected a small section of local rail services for only a few hours and was reportedly caused by the removal of ration privileges formerly granted to railway workers. When the Vice Premier and Secretary General of the Workers' Party addressed a mass meeting following the demonstration in an attempt to bolster the morale of the railway workers, he was booed and heckled. Order was restored by the militia and numerous arrests were made. The Legation adds that the mass firing of white-collar workers in government bureaus and enterprises has added considerably to general labor discontent.

The Legation comments that such manifestations of dissatisfaction will lead only to stronger repressive measures accompanied by a heightened propaganda campaign urging workers to redouble their efforts in the struggle for "peace."

Comment: Information from the East European Satellites points to widespread labor discontent in the face of increasing Communist production quotas which are not accompanied by any improvement in the standard of living. This discontent, however, lacks any effective means of expression and has thus far been effectively met by Communist measures which are largely of a repressive nature but which occasionally involve minor concessions.

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## WESTERN EUROPE

9. French demur at increasing their proposed grant to Yugoslavia:

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[Redacted]

The French Government intends to take up the Yugoslav economic aid question on the governmental level in Washington and London this week. In the course of the tripartite talks on this subject in London, the French Government had reluctantly agreed to grant \$13 million (10 percent of the total from the US, the UK and France) to Yugoslavia because it considered it essential to associate France with the US and the UK in this project. Developments in the London conference now indicate that the French may be asked to increase their contribution to \$24 million, a sum which the Foreign Office feels is beyond current French capabilities. The Foreign Office, fearful lest the US and the UK go ahead without France, has made a strong request to the US Embassy in Paris that no final decision be taken at the London discussions prior to the French Government's approach to Washington and London.

Comment: French acceptance of the principle of grant aid included a statement that France could not be expected to give much more than the \$8 million minimum originally suggested. Despite French sensitivity on the point of French prestige, Premier Queuille's desire to leave a free hand for his successor will probably prevent any greater French commitments now, and the increasing burden of the defense effort will limit the possibility of a larger contribution when the new Assembly meets in early July.

10. Magnani-Cucchi movement to support Christian Democrat-dominated coalition in Italian local elections:

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[Redacted]

The Movement of Italian Workers, headed by Magnani and Cucchi, has decided not to run candidates in the forthcoming local elections but to allow its members to support

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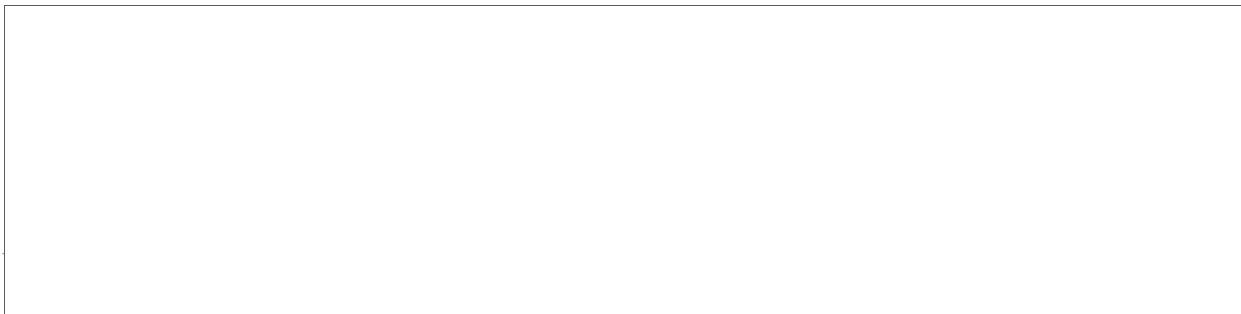
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those candidates "nearest to its principles and program." In certain localities its members are not even opposed to affiliating with the Christian Democrats in order to defeat the Stalinist Communists. Cucchi himself has reportedly been striving to persuade certain Socialist elements in Bologna to work out an electoral agreement with the Christian Democrats.

Comment: The Magnani-Cucchi movement's active support of the anti-Communist electoral coalition in Bologna and in other nearby localities should improve the government's chances of wresting control of many municipalities in the region of Emilia from the Italian Communist Party.

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