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GENERAL

- 1. Proposed Moscow trade conference allegedly not designed to alienate Western Europe from US:**

3.3(h)(2)

[Redacted]

Yves Farge, prominent French journalist and president of the Communist-front French Peace Movement, denied in an article published in the fellow-traveling Liberation that the

proposed Moscow trade conference is intended to detach European countries from the US. The promoters of the conference want to broaden East-West trade contacts, specifically excluding political questions, he said, and have requested business groups to fix the date and the agenda. Only trade exchanges on a reciprocity basis will be discussed at Moscow.

Farge explained that the proposed conference has been supported by meetings of businessmen in France, Switzerland, Italy, Belgium and Great Britain. He concluded with the statement that Soviet and Chinese trade proposals would be "really sensational."

Comment: Various Communist parties and Communist-dominated "peace" organizations are concurrently being mobilized by the USSR to bring strong pressure against the tightening of Western economic restrictions of East-West trade. At the same time, Soviet propaganda is concentrating on alleged US economic exploitation of Western Europe and is portraying the benefits of East-West trade. This emphasis may indicate that Western economic measures have made necessary some alteration of Soviet tactics to obtain strategic materials from the West.

Arguments such as Farge's appear designed to anticipate US warnings to its NATO partners that the USSR would use the proposed conference chiefly to further cold war objectives.

- 2. Poland demands embargo-sized ball bearings in exchange for coal:**

3.3(h)(2)

[Redacted]

Although the new Austro-Polish trade agreement was initialled on 2 August, Poland refuses to sign the commercial contracts for the

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delivery of coal to Austria unless the latter agrees to deliver embargo-sized ball bearings in exchange. The chief of the Polish delegation stated that France was currently supplying bearings of this size to Poland, and he declared that his country would not sign contracts for coal with any nation failing to agree to supply such bearings. The Austrians are asked to deliver bearings for one year at a rate of 10,000 dollars per month. The Austrian Government is very concerned over this situation, and US High Commissioner Donnelly observes that apparently Austria must either deliver embargoed goods, or the US must send coal from the US or the Ruhr.

Comment: Austrian industry and railroads will be forced to reduce coal consumption next month if new coal deliveries are not assured. Poland behaved in a similar intransigent fashion during recent negotiations with Finland and Norway. In the talks with Finland, the Poles showed a relative lack of interest in money but great interest in metals and minerals, particularly aluminum and cobalt, in exchange for their coal. Polish-Norwegian trade discussions were suspended indefinitely because of Poland's unreasonable demands on Norway.

USSR

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4. Quantity production of pulse jet engines in USSR reported:

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[redacted] early in 1950 as many as 104 pulse jet engines were shipped daily out of Plant 393, Krasnogorsk, to an unknown destination.

The dimensions, weight and general configuration of the pulse jets conform closely to the Argus pulse jet engine used on the German V-1 type guided missile.

3.3(h)(2)

Comment: This [redacted] is the first reasonable indication of possible V-1 type missile production in the USSR in quantities sufficient for operational use.

3.3(h)(2)

Soviet interest in the V-1 type guided missile; one credible source has reported that the V-1 manufacturing machinery, which was moved from Germany to Plant 456, Khimki, USSR, was duplicated and the whole V-1 Department with its entire machinery was transferred "to an unknown destination" in the middle of 1948. It is possible that the unknown destination of this machinery was Plant 393, Krasnogorsk.

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6. Viet Minh leaders criticize emphasis on nationalist at expense of Soviet aims:

A radio message from the Viet Minh Information Office advises lower echelons that the campaign for signatures of the World Peace Council appeal for a Big Five conference is lagging. The message charges negligence on

the part of the party's steering committees and front organizations, and castigates officials who attach no importance to collecting signatures and prefer to devote their attention to the military effort against the French.

Comment: The difficulties that the Communist leadership of the Viet Minh have encountered in attempting to substitute Moscow's world program for nationalism point up the fact that the dominant motivation of Viet Minh adherents, including many nominal members of the Lao Dong (Communist) Party, continues to be resistance to French "domination" rather than adherence to Communist ideals. The above message is a sequel to one on 6 June which criticized Viet Minh civil officials for "losing sight of the fact that our resistance is integrated in the world movement for peace."

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SOUTH ASIA

7. Pakistan apparently waging an anti-Indian diplomatic campaign in Asia:

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Arab States would be acceptable to Pakistan.

The Pakistani High Commissioner for Australasia is trying to persuade New Zealand to offer its mediation of the dispute between India and Pakistan. The New Zealand Government reportedly might be willing to do so if it received a similar request from India. Meanwhile, a well-known Pakistani religious leader visiting in Iraq has publicly suggested that mediation of the Kashmir problem by the Arab League or by one of the

3.3(h)(2)

Comment: Judging from the above

the Government of Pakistan appears to have embarked upon a campaign to enlist the support of other nations against India. Pakistan has already indicated its sympathy for Australian, Indonesian, Burmese and Iranian offers of mediation or expressions of concern over the Kashmir dispute, while India has remained cold to these approaches. If Pakistan should succeed in stimulating further mediation offers from Asiatic and Commonwealth countries, it could obtain a distinct propaganda advantage by publicizing its own willingness to accept them in contrast to India's refusal to do so.

EASTERN EUROPE

8. Polish Government orders closing of USIS:

3.3(h)(2)

The US Ambassador in Warsaw was ordered on 8 August by the Polish Minister of Foreign Affairs immediately to terminate the activities of USIS in Poland. He stated that the decision to close USIS was based upon the "whole policy" of USIS, to which he objected strongly.

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For the past four years, the Polish Government has been protesting against the "unfriendly policy and editorial content" of the US Embassy's News Bulletin, most recently on 5 May 1950. The embassy notes that the Foreign Minister's complaint against USIS was couched in general terms and made no great effort to present a particularized and argumentative justification for the closing of USIS.

Comment: The USIS office in Warsaw was the last one operating in Eastern Europe. Two years of secret police terrorism against the Polish employees and patrons of USIS in Warsaw had failed to prevent the successful functioning of this program. The closing of the Warsaw office follows the elimination of USIS from Hungary in July.

WESTERN EUROPE

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~~TOP SECRET~~**LATIN AMERICA**

3.3(h)(2)

10. Peron to make foreign intelligence activities an issue in Argentine election:

Peron is reportedly planning action against foreign intelligence services, with the object of making espionage an important issue in the final stage of his campaign for re-election in November. He will reportedly declare two members of the British Embassy personae non gratae and attempt to connect officers of the US Embassy with espionage and intervention in the internal affairs of Argentina.

Comment: Peron believes that his charges of US interference in Argentine internal affairs assured his election in 1946. Argentina's continuing anti-US press campaign along these lines has proven somewhat disappointing to the Perons, since the US has largely ignored it. Peron therefore may think it necessary to produce a few "imperialist spies" to lend dramatic substance to his story.

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