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# WEEKLY SUMMARY



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## H I G H L I G H T S

Of the week's developments, the sudden stiffening of North Korean resistance, with increasing Chinese Communist support, posed the gravest threat to US security. Although the possibility cannot be excluded that the Chinese Communists, under Soviet direction, are gradually committing themselves to full-scale intervention, their main objective appears to be to establish a buffer area south of the Yalu River in order to guarantee the security of the Manchurian border and insure the continued flow of electric power to Manchuria from the vital Suiho hydroelectric system (see page 6).

Other Far Eastern developments also affected US security interests. The announced Chinese Communist invasion of Tibet, although not believed to have penetrated the US-recognized Tibetan border, has prompted a strong Indian protest and indicates that Peiping will not brook long delays in the "liberation" of that country (see page 6). In the Philippines, there remained the possibility of widespread Huk attacks on 7 November which could inflict severe damage throughout Luzon but would not result in the overthrow of the government (see page 9).

In Western Europe, interest was centered on the effect of the Plevan proposal on Western rearmament and on Soviet pressure in Austria. The Plevan proposal will further delay a decision on West Germany's contribution to the defense of Europe and as a consequence of this delay opposition in Germany to remilitarization will increase (see page 11). In Austria, there was some slight indication that the USSR might back down from its intransigent stand on the dispute with the Austrian Government over the issue of police control (see page 8).

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## SOVIET MANEUVERS AND PLANS

During recent weeks, Soviet propaganda has continued to pursue the dual policies of advertising the USSR's peaceful intentions and viewing with alarm the aggressive preparations of the West. Although the "peace" campaign has recently received slight additional emphasis, there has been no material relaxation in Soviet charges of Western warmongering.

One of the highlights of the current phase of the "peace" offensive has been the Prague Declaration, which appears designed to undermine US policy with respect to Germany, and especially with regard to West German remilitarization. At the same time, Moscow radio took full advantage of United Nations Day to proclaim the USSR's interest in the success of that organization. Also in line with the "peace" theme, Soviet propaganda has revived the sporadically recurrent line that war is not inevitable and that, given a more conciliatory attitude on the part of the West, peaceful coexistence between East and West is still possible. In contrast to these apparent attempts to quiet Western war fears, the USSR has, characteristically, by no means abandoned its propaganda attacks against the West, and particularly the US. Moreover, much of the effectiveness of the Soviet "peace campaign" has been destroyed by such recent Soviet activities as the denunciation of Trygve Lie, pressure on the Austrian Government, Chinese Communist support for the North Koreans and the Viet Minh, and the announced Chinese Communist invasion of Tibet.

Japanese Treaty      In expressing a willingness to discuss informally US proposals for a Japanese Peace Treaty and in returning to the Far Eastern Commission (FEC), the USSR probably reasons that continued intransigence regarding the Japanese Peace Treaty would not prevent the Western Powers from drafting a separate treaty. By entering into treaty discussions and returning

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to the FEC, the USSR not only strengthens its propaganda peace campaign but increases its capabilities for obstructing and delaying treaty negotiations. Participation in informal talks, however, will not commit the USSR to participating in formal treaty negotiations, and in view of the USSR's over-all policy in the Far East, it appears most unlikely that the USSR would agree to any treaty acceptable to the Western Powers.

**Austrian Policy**     The present dispute between the Austrian Government and Soviet occupation authorities over control of the Austrian police force demonstrates continuing Soviet determination to exploit local situations. Soviet authorities in Austria have stated that the Austrian Government will not be permitted to dismiss, transfer, or take disciplinary action against Austrian police officials in the Soviet sector accused of disloyalty to the Austrian Government during the recent Communist-inspired strikes. In view of this grave threat to Austrian independence, the Austrian Government is proceeding with its investigation and plans to carry out the verdict of the disciplinary court. There is no firm evidence to indicate whether the USSR will maintain its intransigent attitude on this issue in the face of official Austrian and Western protests. In the past, Soviet authorities have often backed down on similar issues when confronted with vigorous Austrian resistance, and a recent conversation between the Soviet High Commissioner and Austrian Chancellor Figl suggests that the USSR may be seeking a way out of the impasse without too great a loss of prestige.

Meanwhile, evidence is accumulating that the process of sovietizing the Satellites is not proceeding smoothly. The principal problems appear to be creating reliable Communist parties loyal to the USSR, overcoming economic difficulties, and eliminating peasant opposition.

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**Bulgarian Purges** Current reports indicate that the sweeping purges in the Bulgarian Communist Party, begun in January 1949 with the Kostov deviation affair, will continue during the next few months. More than 100,000 Party members have been expelled since June 1950 and more purges are expected to result from Party organizational meetings which will be held between now and May 1951. It is not entirely clear why the USSR has felt it necessary to purge the Bulgarian Communist Party more drastically than the parties in the other Satellites. It is apparent, however, that the inability of Bulgarian Communists to carry out Soviet demands for the wholesale exploitation and rapid communization of Bulgaria provides ready justification for the removal of any Bulgarian Communist who has outlived his usefulness. The extent of the Bulgarian purges may also be attributed to the greater need for a strong, pro-Soviet Communist Party in view of the absence of Soviet occupation troops. It is believed that purges of Bulgarian Communist leaders will continue until enough younger Communists have been sufficiently indoctrinated by the USSR to assume the responsibility of carrying out Soviet orders faithfully and without regard for Bulgarian nationalist aspirations.

**Hungarian Economy** Hungary's continuing difficulty in meeting its export commitments to Western Europe is indicative of the problem facing the USSR in its attempts to develop inter-orbit trade while simultaneously increasing the pace of Satellite industrialization. Hungarian imports from Western Europe are currently running 10 percent more than in 1949 and far in excess of exports, which are 35 percent less than in 1949. If this trend continues, Hungary will build up a 1950 deficit of approximately \$30 million. Western European trade is important to Hungary as a source of industrial equipment unavailable in the orbit. It appears, however, that internal difficulties and the great expansion of Hungarian trade with the East are proving greater obstacles than Western export controls to Hungary's ability to obtain equipment needed for its industrial expansion program.

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**Rumanian Unrest**    Apparently made desperate by the prolonged drought, the government's forced grain collection program, and the certainty of an enforced collectivization program, the Rumanian peasants are resisting the Communist regime with considerably more violence this fall than in previous years. Resistance has apparently been especially strong in Transylvania and Moldavia, the Dobruja area and around Bucharest. Peasants have occasionally burned crops to prevent them from falling into the hands of authorities, driven out militia men sent to collect the grain, and even seized control of some isolated localities. Attempts to murder local Communist officials have increased. Thus far, however, no effective, centrally-directed resistance has been organized and peasant opposition is not likely to be a serious threat to the regime. The effect of peasant opposition, however, will be to delay the Communist collectivization program or, if the regime attempts to push through collectivization despite opposition, will probably cause a serious reduction in Rumanian agricultural production with consequent adverse repercussions on the entire Rumanian economy.

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## CHINESE COMMUNIST PLANS

**Korean Intervention** Fresh, newly-equipped North Korean troops have appeared in the Korean fighting, and it has been clearly established that Chinese Communist troop units are also opposing UN forces. Present field estimates are that between 15,000 and 20,000 Chinese Communist troops organized in task force units are operating in North Korea while the parent units remain in Manchuria. Finally, current reports of Soviet-type jet aircraft in the Antung-Sinuifu area indicate that the USSR may be providing at least logistic air support for the defense of the Manchurian border.

These indications of increased Chinese Communist support and assistance to North Korean forces point to a decision to establish a "cordon sanitaire" south of the Yalu River. Although the possibility cannot be excluded that the Chinese Communists, under Soviet direction, are committing themselves to a full-scale intervention in Korea, their main objectives appear to be to guarantee the security of the Manchurian border and insure the continued flow of electric power from the vital Suiho hydroelectric system to the industries of Manchuria. The Suiho hydroelectric system is of vital importance to Manchuria, and Peiping's apprehension may have been increased by the recent statement of a South Korean general that allocation of power to Manchuria would be cut off. The reported evacuation of industrial machinery and civilian personnel from Mukden, and intensification of air-raid precautions in that city, appear to indicate that Peiping anticipates possible UN retaliatory action against Communist China for Peiping's activities in Korea.

**Tibet Invasion** Although Chinese Communist forces have probably advanced toward Tibet, as reported in frequent though unconfirmed press dispatches, it is not likely that any sizeable force has covered the 200 miles claimed in these reports or

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that Chinese Communist forces have in fact crossed the Tibetan border as recognized by the US and the Chinese. The reported advance fits the pattern of Chinese Communist policy toward Tibet indicated by the publication on 24 October of a "political mobilization directive" to troop units "which have been ordered to advance on Tibet," and the transfer of Sino-Tibetan conversations from New Delhi to Peiping. Apparently the Chinese Communists are increasing their pressure on Tibet as rapidly as possible, short of a sharp public break with India. Meanwhile, regardless of whether the military occupation of Tibet has yet begun in earnest, the Chinese Communists, by so firmly committing themselves to liberating Tibet, have shown that they will not permit prolonged dickerings over the status of Tibet, and intend to proceed with the "liberation" of that country soon.

**Taiwan Plans** Meanwhile, the "liberation" of Taiwan unquestionably remains a Chinese Communist objective and invasion preparations are continuing, but an invasion of Taiwan during 1950 does not appear likely. Peiping seems to have decided to exploit the possibilities of controversy in the UN over US Far Eastern policy. While insisting that the "question of Formosa" does not exist, and demanding that the question be dropped from the agenda of the General Assembly, the Chinese Communists have accepted the invitation of the Security Council to discussions of US "aggression" against China. They stand temporarily to lose face at home, having promised the "liberation" of Taiwan for the last two years, but this is believed to be less serious in their eyes at present than the risks of an operation in the face of the US commitment to "neutralize" the island.

**Overseas Chinese** The recent celebrations in Southeast Asia of rival Chinese holidays (Peiping's National Day on 1 October and the Nationalist Double-Ten on 10 October) indicate increased dislike of the Peiping Communist

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regime among the Overseas Chinese throughout the region. Overseas Chinese in Burma, Indonesia, Thailand, and Malaya, apparently reacting against vigorous Chinese Communist efforts to control and exploit them, gave surprisingly strong and enthusiastic support to the Double-Ten celebration. It would appear that the setback to Communism in Korea is the factor primarily responsible and that the demonstrations were more anti-Communist than pro-Kuomintang. The Kuomintang is almost as discredited among Overseas Chinese as among mainland Chinese and still offers little promise as a focus for the active patriotism of the majority of Overseas Chinese. Although the majority of Overseas Chinese appear to welcome the containment of Communism in the Far East, they would adjust themselves, prudently, if somewhat less readily, to new Communist successes, such as a Communist victory in Indochina, that would seem to bode ultimate Communist domination of Southeast Asia. In the present unsettled state of affairs, an increasing number of Overseas Chinese will probably attempt to remain aloof from both Peiping and Taipei.

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**LOCAL DEVELOPMENTS**

**THE PHILIPPINES**

**Huk Raids**     The Philippine Armed Forces have been alerted against the possibility of stepped-up Huk activity during the next several weeks as a result of the capture on 17-18 October of Huk plans for widespread, coordinated offensive operations on 7 November. The Huks have thus been deprived of the element of surprise which in the past has been so largely responsible for the success of their attacks. Despite this loss, there is no evidence to indicate that the attacks have been called off. If undertaken, Huk raids could cause extensive disturbance and destruction throughout the Luzon countryside. The Philippine army and security forces are believed capable of preventing the violent overthrow of the Philippine Government by the Huks and defending the city of Manila against attack. The Huks will, however, be able to perform acts of terrorism in the Manila area, conduct raids at will throughout Luzon, and avoid destruction at the hands of the Philippine Armed Forces. In fact, the activity of the Huks has increased during recent weeks despite widespread operations against them, thus indicating that government measures against the Huks continue to be ineffective in preventing a steady increase in Huk capabilities.

**Bell Report**     Preliminary official reaction to the report submitted by the US economic survey mission headed by Daniel Bell indicates that the Quirino administration, while eagerly accepting US grants and loans, will resist the granting of supervisory powers to a US technical mission and will only reluctantly carry out the reform measures upon which US aid is to be contingent. The administration has apparently been so

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THE PHILIPPINES

confident of receiving substantial US aid that it has thus far taken very few steps to remedy the deteriorating Philippine economic situation.

KOREA

Unification Delays      The stiffening of North Korean resistance with Chinese Communist reinforcements, in the mountains of North Korea, and the extent of guerrilla activity to be eliminated elsewhere in Korea make probable a considerable period of military and police action before elections can be held to unify Korea. The present probability of a considerable delay in the unification of Korea points up the many problems involved in the interim administration of North Korea under UN responsibility. One of the most pressing problems is the establishment of interim administrative organizations capable of contending with varied problems of security, relief, public health, and the restoration and operation of public utilities. UN forces have found that without exception all North Korean Communist officials have fled their posts. There are no citizens with pre-Communist government experience capable of managing municipal affairs. US civil affairs officers lack knowledge of the Korean language and are assigned to specific areas only temporarily, moving forward with combat units. ROK national police, previously taken northward with combat units, are now being sent back to the south, and UN resolutions and directives to the UN Command generally discourage the use of South Koreans in the establishment of interim regimes in the north. Thus an administrative vacuum has developed in North Korea, and if the existing confusion is prolonged, the present favorable attitude of the North Korean populace toward UN forces is likely to be dissipated.

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## WESTERN EUROPE

**Pleven Proposals**      The Pleven counterproposals for solving the issue of eventual German rearmament, though primarily intended to link the rearmament of Europe with its long-term political integration, have in effect postponed a decision by the other NAT powers on Germany's contribution to the defense of Europe. Initial West German reaction to the move indicates that Adenauer will be faced with a severe test in the forthcoming foreign policy debate set for 15 November in the Bundestag, when the opposition is likely to make political capital of Adenauer's stand on remilitarization.

Official West German comments on the Pleven proposals, while generally moderate, have indicated strong objection to the French proposals: (1) to make German remilitarization conditional on successful conclusion of Schuman Plan negotiations; and (2) to assign an inferior role to the German forces in European defense. Bundestag leaders have already attacked as "political blackmail" the linking of the Schuman Plan to remilitarization. Schumacher, the SPD leader, is in favor of rejecting remilitarization unless conditions of German equality and security are met, and may insist on a plebiscite or a new election before dealing with the issue. In general, Protestant and Socialist opinion, already critical of the security measures proposed by Adenauer, is likely to become still more unfavorable to Adenauer in the face of the continued French reluctance to rely on German cooperation in defense of Western Europe.

## FRANCE

**Labor Unity**      The recent national congress of the Socialist-oriented Force Ouvriere (FO) clearly indicated that the FO has made no great progress toward supplanting the Communist-led General Confederation of Labor (CGT) as the

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dominant labor confederation of France. The FO's opportunity to increase its influence at the expense of the CGT has been steadily improving for two years. The CGT was badly discredited by the failures of its previous strike campaigns, the Communist Party has lost prestige as a result of events in Korea, and management has lately been negotiating wage agreements only with the non-Communist unions. But the leaders of the FO remain badly divided over the question of unification of non-Communist labor. This division and the consequent weakness of FO can be expected to work to the advantage of the Communists -- who are increasing efforts to exploit the workers' legitimate economic grievances -- as the rise in living costs continues and it becomes more evident that management is firmly opposed to an increase in real wages until there is measurable improvement in productivity.

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