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CENTRAL INTELLIGENCE AGENCY

WORKING PAPER

WEEKLY INTELLIGENCE HIGHLIGHTS

NO. 73

DATE: 25 October 1949

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AUTH: HR 79-10
DATE: 11-18-75 REVIEWER: 372/44

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FAR EAST/PACIFIC DIVISION

INTELLIGENCE HIGHLIGHTS NO. 73
19 OCTOBER to 25 OCTOBER 1949

SECTION I. SUMMARY OF FAR EAST TRENDS AND DEVELOPMENTS

ECAFE voting on the admission of Bao Dai's regime and the Republic of Korea showed several south Asian delegates reluctant to side with the West (p. 2).

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Pointing to the possibility of invasion from the north, Korean President Rhee has asked again that US military assistance be provided the Republic (p. 3).

Although the State Council of the People's Republic of China is ostensibly a "coalition" body, examination proves that key posts are in Communist hands (p. 4). Nationalist air raids on Shanghai, meanwhile, do not appear to have disrupted that city's economic life seriously as yet (p. 6).

Recent French military operations in North Vietnam may be designed to win a percentage of the country's 1.5 million Catholics to Bao Dai's side (p. 7).

A continuation of suspicions between Dutch and Republicans in Indonesia leaves that area in a state of uneasy truce despite Round Table progress (p. 7).

The marginal notations used in succeeding sections of this weekly ("A", "B", and "C") indicate the importance of the items in D/FE opinion with "A" representing the most important.

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SECTION II. DEVELOPMENTS IN SPECIFIED AREAS

GENERAL.

ECAFE delegates follow west reluctantly--The fifth session of the UN Economic Commission for Asia and the Far East is being marked by reluctance to oppose the USSR and a desire to maintain a neutral position on the part of several south Asian delegates. This attitude was evident despite the western bloc's easy defeat of USSR resolutions to admit both the "Democratic Republic of Vietnam" (the Ho Chi Minh resistance regime) and the "Democratic People's Republic of Korea" (the northern puppet regime) as associate members of ECAFE. Instead, the French-sponsored "Associated State of Vietnam" (the Bao Dai regime) and the US-supported Republic of Korea were accepted as associate members by the Commission. "B"

In the case of Vietnam, India voted in favor of both candidates. Burma, Thailand and the Philippines, in contrast, abstained from the Vietnam voting. When the question of the two Korean aspirants was raised, the Burmese delegate is reported to have sounded more pro- than anti-Soviet, although he finally voted for the US-sponsored Republic. The Thai delegate indicated his intent to vote in favor of the northern Korean regime until US lobbying gained his support for the southern Republic. The Indian delegate defended with considerable "tenacity and emotion" the proposition that, in each of the two cases, both contending applicants should be accepted by ECAFE. The Pakistan delegation, meanwhile, has abstained both from debate and voting.

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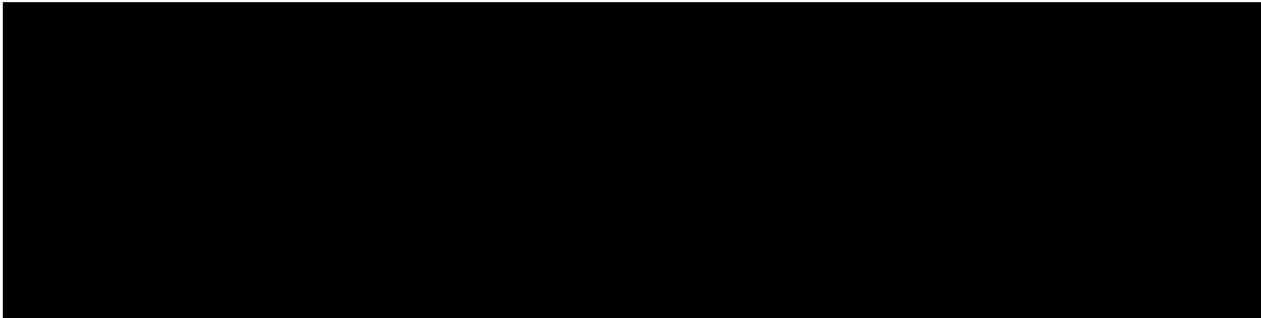
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KOREA

Rhee thumps the tub--At his weekly press conference on 21 October, President Rhee told foreign correspondents that last week's clash with northern Korean forces on Ongjin peninsula was "very serious" and added that Chinese and Korean Communist forces, urged by the USSR to take immediate action, are concentrating their forces "to come south and take all Korea." Rhee went on to say that, although the US turned over large quantities of arms to his government, his Army and police are not sufficiently equipped and that he hoped Washington would extend him as much material military aid as possible. He said he would be willing to sell anything Korea possessed to get some weapons and pointed out that most US aid now being received was for economic construction, not for military use. Finally, Rhee repeated his previous assertions that it would be easier to defend the Yalu river boundary (between Korea and Manchuria) against Communism than the 38th Parallel and intimated that if it were not for the danger of starting a third world war, he would "clean it up in the north."

"B"

Communist forces in northern Korea certainly are being strengthened by the influx of Chinese-trained Korean troops from Manchuria but it is estimated that Rhee's Army at the present time can turn out approximately 5,000 to 10,000 more infantry effectives than the northern People's Army. Indeed, it is believed that a primary consideration in the strengthening of the People's Army has been anticipation of an attack against the north by the Korean Republic.

Although an invasion from the north remains as a threat to the existence of the Korean Republic, President Rhee's preoccupation with his armed strength is, in itself, a threat to the Republic's stability. If Rhee does not receive what he considers to be adequate military aid from the US, he will attempt to convert to military use much of the US economic assistance required to stabilize his economy, although the development of economic stability is as essential to the survival of Rhee's government as the maintenance of an efficient military defensive force.

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CHINA

Communists form "coalition" council--Communist control of the "coalition" is again demonstrated in the State Administrative Council, highest executive body appointed by the Government Council of the Central People's Government. This body consists of the Premier, assisted by four Vice Premiers, a Secretary-General and a Council of fifteen members. The Vice Premiers share the responsibility for the direction of the personnel of the ministries, commissions and other administrative agencies (shown on the accompanying chart) as follows:

"B"

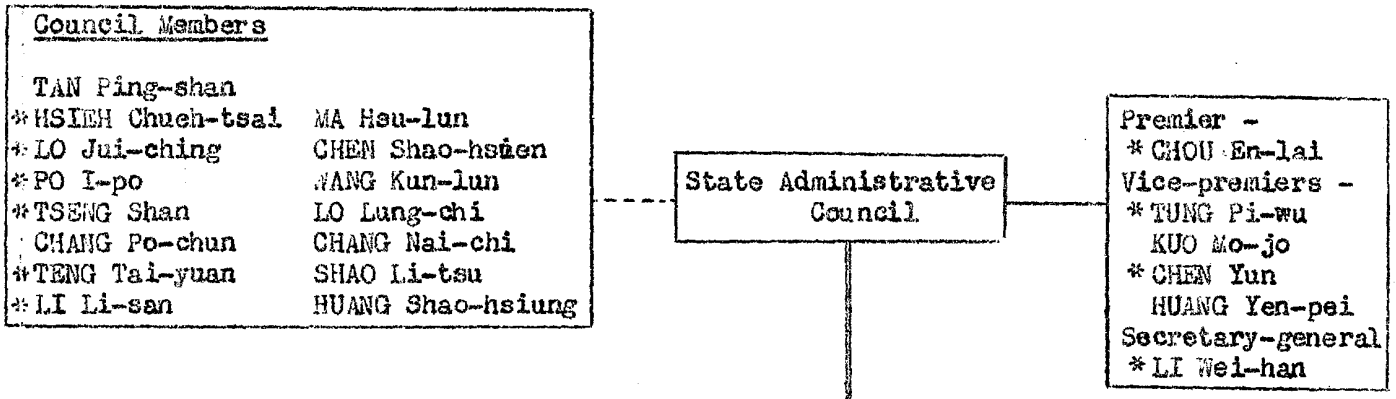
TUNG Pi-wu (Communist Party member), chairman of the Political and Legal Committee, CHEN Yun (Communist Party member), chairman of the Finance and Economic Committee, KUO Mo-jo (independent), chairman of the Culture and Educational Committee. The fourth Vice Premier, HUANG Yen-pei (a minor party member) does not head any committee.

All members of the Council are ministers. Of fifteen Council members, six are Communists, three are Democratic Leaguers, two are of the "Kuomintang Democratic Group," two are from the "Three People's Principles Comrade's Association," and one is from the "China Association for Promoting Democracy." Although such a division appears to represent a multi-party coalition, upon closer view it is evident that the Communists hold such key ministries as Interior, Public Security, Finance, Textile Industry, Railways, and Labor, while the non-Communist ministers hold only two portfolios -- Communications and Education. The other seven non-Communists are ministers without portfolio.

In the division of responsibility between the three Vice Premiers and the Chairman of the People's Supervision Committee, it is again evident that the Communists control all Ministries, Commissions and Administrations dealing with political, legal, financial, and economic affairs, leaving only the cultural and educational affairs and the Supervision Committee in non-Communist hands. In the culture and education committee, however, two of the Vice-Chairmen are Communists (the Chairman of the Information Department of the Communist Party Central Committee and the Vice Chairman of the same committee who is also Vice President of the Institute of Marx and Lenin), thus making it unlikely that either culture or education will stray far from the Party line. In each case where a Ministry is headed by a non-Communist, moreover, a strong Communist appears either among the Vice Chairmen or in some superior supervisory committee.

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ESTIMATED STRUCTURE OF THE CENTRAL PEOPLE'S GOVERNMENT OF THE PEOPLE'S
REPUBLIC OF CHINA



- | Political & Legal Affairs Committee | Culture & Education Committee | Finance & Economics Committee | Supervision Committee |
|--|--|--|---|
| * (TUNG Pi-wu, Chairman) | (KUO Mo-jo, Chairman) | * (CHEN Yun, Chairman) | (TAN Ping-shan, Chairman) |
| 1) Interior
* (HSIEH Chueh-tsai)
2) Public Security
* (LO Jui-ching)
3) Justice
(SHIH Liang)
4) Law Commission
* (CHEN Shao-Yu)
5) Nationalities Commission
* (LI Wei-han) | 1) Education
(MA Hsu-lun)
2) Public Health
(LI Te-chuan)
3) Academy of Science
(KUO Mo-jo)
4) New Administration
* (HU Chiao-ma)
5) Publication Administration
(HU Yu-tse)? | 1) Finance
* (PO I-po)
2) Trade
* (YEH Chi-chuang)
3) Heavy Industry
* (CHEN Yun)
4) Fuel
* (CHEN Yu)
5) Textile
* (TSENG Shan)
6) Food Industry
* (YAN Li-san)
7) Light Industry
(HUANG Yen-pei)
8) Railways
* (TENG Tai-yuan)
9) Posts & Telegraph
(CHU Hsueh-fan)
10) Communications
(CHANG Po-chung)
11) Agriculture
(LI Shu-cheng) | "...responsible for the supervision of the discharge of duties by Government institutions and Government functionaries."

12) Forestry & Land Reclamation
(LIANG Hsi)
13) Water Conservancy
(FU Tso-yi)
14) Labor
* (LI Li-san)
15) People's Bank
(NAN Han-chen)?
16) Maritime Customs Administration
(KUNG Yuen)? |
| *Chinese Communist Party members. | | | |
| ?Possibly Communist Party members. | | | |

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Economic effect of Shanghai air attacks--Nationalist air raids on Shanghai in the past few weeks have damaged several important installations. Bombing of the Kiangnan Dockyards was notably effective and aroused some speculation that the Nationalists were using foreign pilots. In a raid on the Chapel Light and Water Company, the attackers pinpointed the main pumphouse and forced the dumping of the entire Chapel power load on the Shanghai Power Company. The Nationalists also have achieved some success in their strafing of rail targets. It is estimated that half the locomotives operated by the Shanghai-Nanking-Hangchow Railway Administration have been put out of action by the air attacks. "B"

These Nationalist air operations, although meeting no aerial opposition and very little ground fire, have not been on a large enough scale to disrupt the city's economic life seriously. Key targets such as the Shanghai Power Company have escaped with only minor damage to date. Shanghai remains vulnerable to air attacks, however, and continued bombing can be expected to hinder Communist efforts to restore the city's economy.

NEWS NOTES

The Chinese Communist Army has entered Sinkiang Province, occupying Hami on 13 October and Tihua, the capital, on 22 October. Communist units in northwest Hunan, ordered to attack the positions of SUNG Hsi-lien, have already occupied Tayung and Sanshih, while units of the Communist 2nd and 4th Field Armies are reported moving into position for an advance into Szechwan from the south and east.

In Nanking, representatives of the British, Canadian, and Australian Embassies have inquired about shipping Embassy furniture to Peiping, while the Indian Government is "casting about for suitable" Embassy quarters in that city.

MAO Tse-tung has been named chairman of the Revolutionary Military Council of the new Communist regime. CHU Teh (concurrently Commander-in-Chief of the People's Liberation Army), LIU Shao-chi, CHOU En-lai, PENG Teh-huai, and ex-Nationalist CHENG Chien are vice-chairmen. Notable by his omission from the long list of council members was CHEN Keng, often rumored as defected or in disfavor.

The Shanghai TA KLING PAO, in an extraordinary piece of mental gymnastics, applauds Outer Mongolia's independence - "racial self-determination is entirely correct when it aims at consummation of the anti-imperialist revolution" - while decrying independence for Tibet, which, as "an instrument of imperialism" is "reactionary."

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INDOCHINA

New French operation in North Vietnam--A combined "French-Vietnamese" military campaign began on 16 October in three provinces southeast of Hanoi. While presumably a part of the overall French aim of wresting control of the Red River delta region from Ho Chi Minh's forces, this new effort, involving at least 6,000 ground, naval and paratroops, may also be an attempt to attract the population of this predominantly Catholic district to Bao Dai. Indicative of this possible intent is the fact that the diocesan seat of Phat Diem was reportedly occupied on the first day of the operation.

"B"

Although the Bishop of Phat Diem's present attitude toward the conflict in Vietnam is unknown, he has supported the resistance movement since its inception and is still believed to hold the title of Supreme Counselor in the Ho Chi Minh government. There is no proof of French reports of recent disagreement between Ho and the Bishop, regarding Communist influence in the coalition government, and it is questionable that the Bishop has requested protection for his region, as the French contend. However, should this district be successfully "pacified" by the French and, more important, should the population rally to the Bao Dai government, the present campaign may precipitate further Catholic defections from Ho to Bao Dai elsewhere in Vietnam.

INDONESIAN

Suspicion still rife in "paper war"--Although Dutch and Indonesian leaders appear confident that agreement will be reached on the major problems of the Round Table conference and that it will be adjourned by 1 November, there has been little improvement of Dutch-Republican relations on the official level in Java. Despite a diminution of actual truce violations, Dutch and Republican officials are presently engaging in sharp exchanges of memoranda. The Republic continues to protest arrests of its troops and civil administrators by the Dutch, while Dutch officials accumulate alleged evidence of Republican penetration into Netherlands Army positions. Dutch authorities are now expressing openly their distrust of Republican intentions and capabilities both to implement the Round Table agreements and to control extremist elements which the Dutch believe have heavily infiltrated Republican military and governmental organizations. Dutch distrust is matched by Republican suspicions that Dutch allegations are last-minute attempts to cancel the transfer of sovereignty to a federated Indonesian government.

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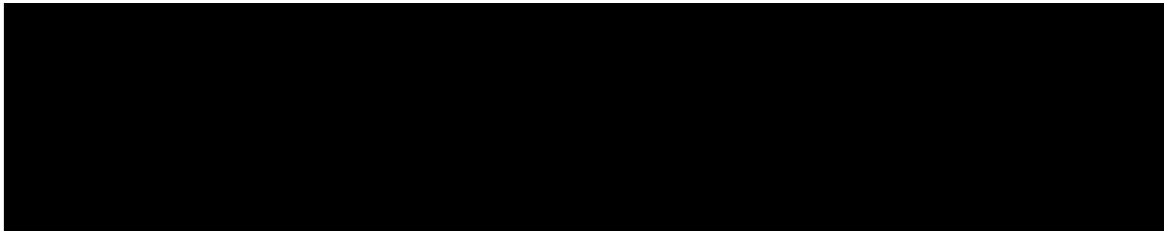
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The actual termination of the Hague conference at an early date and the return of key Republican and Federalist leaders to Indonesia will help to dispel this mutual distrust. If the observance of the military truce continues to be relatively effective, it is unlikely that Dutch-Republican relations in Indonesia will deteriorate to a point where the transfer of sovereignty will be threatened.

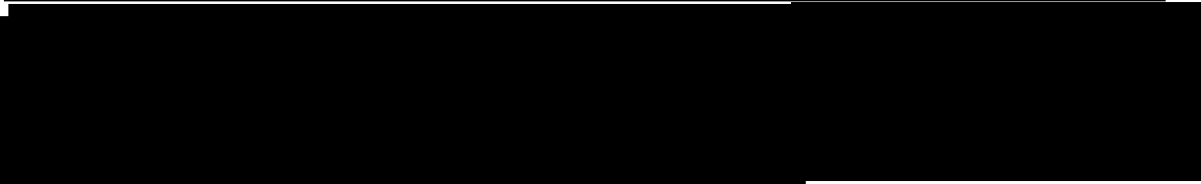
S.E.A. NEWS NOTES

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Heightened concern over the possible reactions of Malaya's large Chinese population to the establishment of a Communist regime in China has inspired British authorities in Malaya to promulgate two stringent measures aimed primarily at the Chinese community. A ban on publishing and distributing books, documents and songs from China which are tainted with Chinese Communist influence last week was followed a few days later by the suspension of all postal services to China until further notice.

The arrival of two militant French Communists in New Caledonia may herald the end of the almost complete isolation which has protected France's remote Pacific colonies from disturbing metropolitan forces. According to a report recently received from the US Consulate at Noumea, Georges Lachenal and Marcel Egretaud - both prominent French Communists and members of the Assembly of the French Union - were among the passengers of the inaugural Air France flight which arrived in the colony on 27 September. Lachenal subsequently proceeded to Tahiti. According to the police, there have been no Communist Party members in New Caledonia heretofore.

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