

BRANCH WEEKLY CHECKLIST

(Trends... 15:45)

WEEK OF

16 AUGUST (#63)

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SECTION II	(writer)	(div)	(ed)	(copy in)	(time)	ORE PICKUPS	SPECIALS
A) GENERAL:							
25X6A B	[REDACTED]	✓	✓	MON PM	TUES AM		[REDACTED] 25X6A (from Monthly)
C) KOREA	ASSASSIN	✓	✓	MON PM	10 AM		
D) CHINA	MIL WHITP. NEWS NEWS	✓	✓	} 13 30		Ⓐ	
	LEAD	✓	✓		LATE		
E) INDOCHINA	APPROACHMENT						
F) THAILAND	ASD COUP					Ⓐ	
G) MALAYA	DEAD						
H) VINA							
I) INDONESIA	DEAD						
J) MALAYSIAS							
25X6A	[REDACTED]						
L) POA	25X6A						
SECTION III	[REDACTED]	✓	0	MON PM	TUES AM		

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(to [REDACTED] 1600) released/16:30 but press closed.
 (press: WED.)
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FAR EAST/PACIFIC BRANCH
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WORKING PAPER

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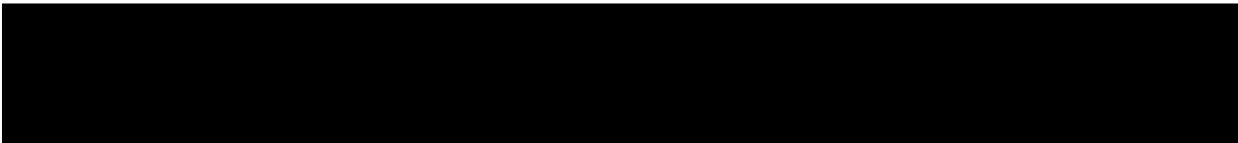
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OFFICE OF REPORTS AND ESTIMATES, CIA
FAR EAST/PACIFIC BRANCH

INTELLIGENCE HIGHLIGHTS NO. 63
10 AUGUST - 16 AUGUST 1949

SECTION I. SUMMARY OF FAR EAST TRENDS AND DEVELOPMENTS.

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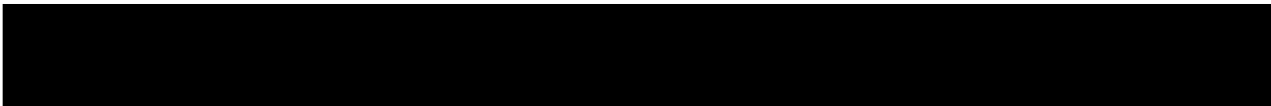
The assassination of a Republican police official responsible for the suppression of leftist activity in Seoul is thusfar the only incident of an expected Communist terrorist campaign in Korea (p. 2).

The Chinese Communists have used the White Paper as a point of departure for vilification of the US role in China, past and future, while the Nationalists have reacted mildly in hopes of still further aid (p. 3). On the military scene, in addition to unhindered continuation of assaults in the south and northwest, the Communists have launched one limited amphibious campaign designed to loosen the Nationalist naval blockade and are reported readying for still another (p. 4).

Strong and persistent French hints that a rapprochement between Bao Dai and resistance leader Ho Chi Minh would be desirable may indicate a shift in French policy in Indochina (p. 5).

Despite past parliamentary success, Premier Phibul's regime is weakening steadily and the likelihood of future coup attempts in Thailand has been definitely increased (p. 6.).

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NOTE:



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

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SECTION II. DEVELOPMENTS IN SPECIFIED AREAS

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KOREA

Police figure slain--KIM Ik Ho, a prominent police official, was assassinated at Seoul Police Headquarters on 12 August. KIM's chief activities were in the field of anti-Communist investigation and he had been the leader in recent operations involving the arrest of leftist National Assemblymen and a group of newspaper reporters who were covering UNCOK activities. "B"

KIM's assassination was probably instigated by the Communist underground, possibly as part of an expected general program of Communist terrorism and violence on the occasion of the Republic's 15 August anniversary celebrations. Aside from KIM's assassination, however, no unusual Communist-inspired disorders during the "Independence" celebrations have been reported, a fact that may indicate considerable Republican success in eliminating underground Communist groups in southern Korea during its first year of existence.

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CHINA

Reactions to the White Paper---Initial Communist and Nationalist reactions to the White Paper indicate a concern over the document's implications for future US China policy. The Communists, sensitive to the tone of Secretary Acheson's letter of transmittal, view with displeasure the possibility of continued US support for anti-Communist movements in China and the Far East. Nationalist comment, in turn, betrays the fear that any such support will not be accorded them, although the mild nature of their reaction indicates that they do not wish to jeopardize chances for further US aid by permitting the White Paper to become an issue. "B"

Communist press reports state that the White Paper reveals both a deep-seated US antipathy toward the Chinese people's welfare and the US intention to make China into an American colony. Therefore, the Communists warn, the Chinese people must oppose US imperialism as their enemy. Further, the Communists state that Kuomintang corruption and civil war policies must be attributed in part to US influence and contrast the Kuomintang betrayal of Chinese interests to US imperialism with the CCP's relations with the USSR, which has not interfered in internal Chinese affairs and to which the CCP is certainly not subservient. The CCP press warns the people against US efforts to arouse resistance to the Communist regime within and outside China and certain papers play up the menace of a nascent Pacific anti-Communist alliance. Kuo Mo-jo, a noted PCC leader, says the White Paper is a "declaration of war" and similar statements are likely to be made by CCP spokesmen as they further develop their propaganda lines on the White Paper and on future US policy.

Initial Nationalist comments, in contrast, are generally restrained and friendly in tone. In its formal statement, the National Government depicts the White Paper as a record of friendly relations and of US assistance to China. It ascribes Nationalist China's plight partly to weakness caused by the war with Japan, partly to developments stemming from the Yalta agreement and partly to the alleged US view, now happily abandoned, of the indigenous agrarian reform nature of the Chinese Communist movement. Nationalist officials, including Acting President Li, show comparable restraint and express hope for early implementation of anti-Communist measures, although certain Kuomintang leaders and papers are more vigorous in their criticisms of the White Paper and in their appeals for additional US aid. If and when the Nationalists are convinced that further US aid will not be forthcoming, their comments on the White Paper and on US policy probably will be far less diplomatic.

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Continued military successes--The Communist military machine, pressing forward on all fronts last week, introduced a new amphibious twist to operations in an attempt to weaken the surprisingly effective Nationalist naval blockade of Communist-held ports. The Nationalists gave ground at all points of contact and came no closer to unifying their remaining forces to prevent the inexorable obliteration of their control in China. "A"

Amphibious Operations--On 11 August, the Communists launched an amphibious assault on the Nationalist naval base area in the Miaotao Islands, which reach upward in an arc from the north coast of the Shantung peninsula toward Soviet-occupied Port Arthur. These islands have provided the Nationalist Navy with a vantage point for surveillance of shipping in the Gulf of Chihli and allowed the blockade of the important port of Tientsin. According to press reports, some 10-20,000 Communists crossed the narrow stretch of water in small junks and motor launches to occupy three of the many islands in the group. Admiral Kwei, Nationalist Navy Chief, admits the loss of Changshan Island, on which the principal Government naval installations were located.

Another such amphibious assault reportedly is being readied further to the south, on the Chekiang coast, where some 30-40,000 Communists are said to be preparing for attacks on the Chusan Islands, the base for Nationalist naval units blockading Shanghai. While capture of both the Miao and Chusan groups will not necessarily end the naval blockade of Communist ports, each of these operations will provide the Communists with valuable amphibious experience.

Northwest Advance--Nationalist resistance to the Communist drive into Kansu province has not been in evidence and none seems to be forming. Press reports claim that civilian evacuation of Lanchow, provincial capital, is underway and Tungawi, Tsingning and important mountain passes guarding Lanchow have fallen to the Communists. Both the MAs, touted in many quarters as last-ditch fighters against the Communists, are en route to Canton for "military conferences". One report states that the MAs now are bickering over the control of Kansu and that Ma Pu-fang has withdrawn his forces from their positions in eastern Kansu to the Tsining area in his home province of Tsinghai. Communist forces, pushing from Shensi and Kansu, also are threatening the south border of Ninghsia province.

Further east, according to a press report, the Nationalist Governor of Suiyuan province, in recognition of his straitened circumstances, is quietly turning the province over to the Communists. Garrisons at Kueisui, Suiyuan's capital, and Paotou, terminus of the rail line from Peiping, have accepted Communist surrender terms and only the extreme northern and western portions of Suiyuan still retain nominal ties with the Nationalists.

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Canton drive--In south China, the Communists are pushing forward in three sectors. In the advance on Hengyang, they by-passed Hengshan, some 30 miles to the north. Units operating nearer the Kwangtung border by-passed the Nationalist base at Kanhsien and entered Nankang to the southwest. Unofficial reports say that Kanhsien itself subsequently fell. On the southeast coast, Foochow, capital of Fukien, is being slowly encircled and Communist units reportedly have extended their activity to Futsing, directly south of Foochow on the coast road to Amoy.

INDOCHINA

Ho Chi Minh rapprochement hints--Recent French statements that the Bao Dai government will be "responsible" for the return of internal peace in Vietnam may indicate both a desire to pass the buck to Bao Dai and approval of a possible Bao Dai-Ho Chi Minh rapprochement. The Chief of Staff of the French Army spoke recently in Paris of a desire to strengthen the national forces of Bao Dai so that France's participation in the pacification of Vietnam could be reduced; a statement attributed to High Commissioner Pignon implied the possibility of negotiation between Ho and Bao Dai and President Auriol, in a letter to the Emperor, emphasized that France would welcome a decision of the Vietnamese people to "unite for the cessation of hostilities." The Minister for Overseas France, now visiting Indochina, has stated that the responsibility for independence and the return of peace rests squarely upon the Vietnamese people and the latest in a series of French hints has come from an official of the High Commissariat in Indochina, who pointed out his belief that one objective of the Auriol letter was to encourage Bao Dai to "undertake negotiations with the Viet Minh or at least with certain elements thereof." "B"

The crucial question raised by all these hints is whether the French intend that Bao Dai deal with Ho or only with the non-Communist resistance elements now supporting Ho. Since December, 1947, the French officially have refused to treat further with Ho on the basis of his Communist background. The same policy has apparently been followed by past French-sponsored regimes in Vietnam, although clandestine conversations may have taken place. If the French have decided to permit negotiations between Bao Dai and representatives of the resistance government, both a saving of French face and a major change in French policy have been effected. If confronted with the realization that the French actually expect him to make peace and no longer oppose an accord with Ho, Bao Dai, in turn, probably will not hesitate to make a deal rather than face the task of continuing warfare with lessening French support.

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THAILAND

Phibul position weakens--Alarmed over his weakening political position, Premier Phibul presently is attempting to persuade certain political "outs" to join the Government and thereby provide his regime with wider political backing. As Phibul probably will not be able to obtain such support, he will continue to rely upon armed force for his power and will require an extension of police controls to guard against the growing probability of another coup attempt.

"A"

Although the new Phibul cabinet recently carried a 2-1 vote of confidence (see Intelligence Highlights #61) in the Lower House of Parliament, this support now appears precarious in light of (1) the determined strength of the opposition Democrat party, (2) the formation of a new opposition group including important independents and, (3) the resignation of several members of the pro-Phibul party. Further contributing to instability, the Army, which formerly backed the Premier wholeheartedly, is believed to have become so factionalized that its support is unreliable. To offset these developments, a special police force has been created, under the control of a trusted member of Phibul's military clique. Phibul is reported to depend wholly upon the 600 men of this unit to maintain himself in office.

The Thai Navy, which until early 1949 maintained a neutral position in domestic politics, has become bitterly opposed to Phibul's military clique. Now that the Navy's capabilities for land warfare approach equality with those of the forces supporting Phibul, that service shows increasing evidence of active hostility and a strong inclination to collaborate with opposition groups in order to overthrow the Phibul regime.

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