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2 June 1952

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CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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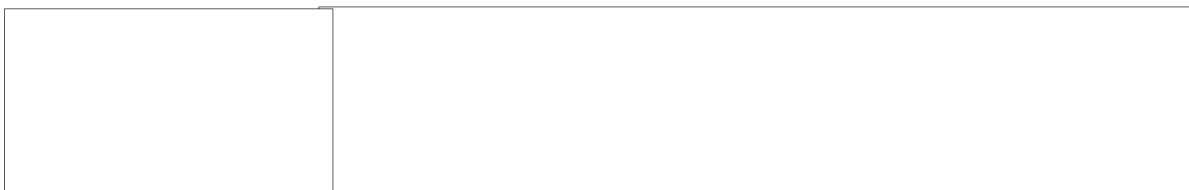
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SOVIET UNION

1. Rumors of Soviet plan to establish "Japanese People's Government." A rumor that the USSR may sponsor a puppet Japanese Government in South Sakhalin or the Kuriles was reported by the Chinese Nationalist Pan Asia News Agency on 29 May. The report stated in this connection that the Russians sponsored at least one self-governing Japanese community in South Sakhalin two years ago which proved so successful that the experiment is being extended to other communities there. [redacted]

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2. Moscow Embassy comments on Soviet treatment of Koje incidents: Ambassador Kennan expects Soviet propaganda regarding alleged US atrocities on Koje to parallel the BW propaganda campaign. He points out that a mass meeting held in Moscow on 29 May to protest the "bloody outrages" of Americans in Korea is obviously only the first of country-wide meetings which will be designed to inculcate hatred toward Americans on the Soviet populace.

The vituperation showered upon the United States at the Moscow meeting, according to the Ambassador, surpassed that used against the Germans during the height of the last war, and, by its constant repetition, cannot fail to have an effect on the Soviet people. [redacted]

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3. Tsedenbal named Mongolian Premier: On 27 May Radio Moscow announced the appointment of Jounja Tsedenbal as

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Premier of the Mongolian People's Republic. Formerly a deputy premier, Tsedenbal is also secretary general of the Revolutionary Party. [redacted]

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Comment: Since July 1942, Tsedenbal, one of Outer Mongolia's six deputy premiers, has wielded supreme political power as Secretary General of the Communist Revolutionary Party, overshadowing the late Choi Bolsan. He has also been director of the Political Department of the Mongolian People's Revolutionary (Red) Army. In 1946, he visited the United States as head of the Mongolian delegation seeking UN membership.

4. Oblasts formed in Latvia, Estonia and Tartar ASSR: An 8 April edict of the Supreme Soviet of the USSR divided Latvia into three oblasts: Daugavpils, Riga and Liepaya. In May, oblasts were established in Estonia and Tartar ASSR. [redacted]

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Comment: The formation of oblasts in Latvia, Estonia and the Tartar ASSR is part of a continuous Soviet policy of increasing the number of territorial sub-divisions, particularly in border areas. The sparsely populated Karelo-Finnish SSR is now the only Union republic which does not have oblasts or comparable administrative units between raion and republic levels. The Tartar ASSR is the first autonomous Republic to be divided into administrative oblasts.

In general, territorial-administrative reorganization is prompted by the need for tighter control of economic and political activities; a need resulting from economic expansion, population growth or internal unrest. However, more specific reasons for the unusual number of recent changes are not yet known.

5. Summer program for DOSAAF members: The Deputy Chairman of the organizing committee of DOSAAF, the All-Union Society for Cooperation with the Army, Air Force, and Navy, announced that this summer thousands of young men and women will take part in competitions including various flying exercises, parachute jumping and gliding techniques. [redacted]

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Comment: The emphasis placed on such "sports" activities by the Kremlin is another factor attesting to the increasingly para-military nature of sports in the Soviet Union. With the approach of summer, agitation for participation in "sports" is once again resumed.

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Other skills promoted by DOSAAF and various sport societies include shooting, driving of heavy vehicles, and shooting coupled with driving. The GTO ("Ready for Labor and Defense") badge requires skill in such "sports" as shooting, skiing with full military gear and hand grenade throwing.

EASTERN EUROPE

6. "Right-wing deviation" of dismissed Rumanian Vice Premier scored: The Central Committee of the Rumanian Workers' Party has "established" that former Vice Premier and Minister of Finance Vasile Luca "tore himself away from the party and the working class" and "introduced his own right-wing opportunist line ... provoking great damages to the State." Luca will be "committed before the Party Control Commission."

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Comment: The "commitment" of Luca before the Party Control Commission will almost certainly result in his ouster from the party, and possibly in trial before a national court.

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FAR EAST

7. Japan not bound by surrender agreement in relations with the USSR: Foreign Minister Okazaki told a Diet committee on 29 May that Japan's relationship with the USSR is no longer bound by the Potsdam Declaration or the surrender agreement except for those terms governing repatriation of prisoners of war. Okazaki maintained that the Soviet Union's participation at San Francisco indicated its recognition that Japan has discharged the duties imposed by the two documents. He said that henceforth relations between the two nations would be based on armistice, not surrender. [redacted]

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Comment: Prior to the San Francisco treaty, the government had determined that the instrument of surrender would not be abrogated between Japan and "non-participating" powers.

Okazaki's interpretation would deny the Soviet Union the right to occupy or take other measures to insure Japan's compliance with the surrender terms. It seems unlikely that the USSR would accept this view.

8. Japanese Communist demonstrations on 30 May a failure: CINCFE reports that Communist plans to promote 30 May as a follow-up to the "May Day victory" failed, as the general public and party sympathizers refused to respond to the party's call to action. Three rioters were killed in Tokyo when about 300 demonstrators, mainly Koreans, stormed a police box in Tokyo. Throughout the rest of Japan, however, the rallies were poorly attended, generally non-violent, and effectively controlled by the police. [redacted]

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Comment: A seized directive, allegedly issued by Japanese Communist Party headquarters, called for a "follow-up struggle" to the May Day incident, but did not specifically call for violence. The absence of large-scale riots may reflect reported, but still unconfirmed, criticism within the Communist Party over the tactics used in Tokyo on May Day.

9. Japanese labor leader reaffirms anti-Communist stand: Minoru Takano, secretary-general of the General Council of Trade Unions (Sohyo), has informed Ambassador Murphy that the elimination of Communist influence in Japan's labor movement is imperative because of the unfavorable situation created by the Communist-inspired May Day riots. Takano also believes

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that Sohyo's original objective of joining the ICFTU will be accomplished at its annual convention in June, where the major principles upon which Sohyo was founded will be reaffirmed. [redacted]

Comment: Takano's recent rise to power in Japan's largest labor federation has been viewed with concern by American officials because of his extreme leftist policies. While in the past he has not been averse to cooperating with the Communists, the riots may have convinced him that a reaffirmation of Sohyo's original anti-Communist stand is essential in order to avoid a split within labor's ranks.

10. Former South Korean Prime Minister discusses Rhee's tactics: In a conversation with American Charge Lightner on 29 May, former South Korean Prime Minister Chang Myun stated that he believes the arrests of the past few days are just the beginning of a reign of terror. Chang commented that, behind Rhee's justification for the maintenance of martial law in Pusan, with its provisions for the trial of accused persons by military rather than civil courts, lies the element of haste. The accused opposition Assemblymen under martial law can, theoretically, be brought to trial, sentenced and their places filled through by-elections before the presidential elections. [redacted]

Comment: Rhee's desire for re-election, the continuance of arrests, his patent intention of bringing the arrested opposition Assemblymen to trial and his assurance that martial law could be lifted "shortly" suggest that the President intends to proceed along the lines proposed by Chang. The final deadline for the presidential election is 15 July.

Vice Speaker of the National Assembly Kim and seven other Assemblymen, threatened with arrest on 29 May, appealed to UN and American Embassy officials for asylum.

11. South Korean Chiefs of Staff dislike Rhee action: The American Charge reports that some ROK officials, particularly among the military, are now not so sure that Rhee will win his dispute with the National Assembly. The three Chiefs of Staff are urging the Defense Minister to restore civil authority in Pusan "to get the Army out of it." Opposition leaders claim that some of the Assemblymen who supported Rhee two weeks ago have now crossed over to his opponents. [redacted]

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Comment: While a large part of South Korea's present and potential leadership appears to have been disaffected by President Rhee's high-handed moves, his political machine in the guise of the speakers of the seven provincial assemblies approved his actions at a 2 June press conference.

12. Western shipping in China trade continues upward: A total of 56 non-Communist registered merchant ships, aggregating 245,000 gross tons, traded with Communist China in February 1952. The comparable figure in January was 204,000 gross tons.

British firms and international Greek cartels operating from London were the beneficial owners of almost half of the non-Communist registered shipping tonnage in the China trade during February. Chinese Communist interests were the suspected owners of about a quarter of this tonnage. [redacted]

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25X1 Comment: When the Chinese Communists intervened in Korea in late 1950, about 700,000 gross tons of Western-flag merchant shipping were engaged in the China trade monthly. The steady decline throughout 1951 brought this figure down to 188,000 by the end of the year. Since then, the trend has been upward.

13. Official itinerary of Burmese study mission to Europe omits Satellites: The itinerary of the large Burmese mission which is to visit Europe has been officially announced. The mission plans to spend four weeks in Yugoslavia and one week each in Switzerland, Norway, Sweden, France and Great Britain. [redacted]

25X1 Comment: The Permanent Secretary of the Burmese Foreign Office recently admitted to an officer of the American Embassy in Rangoon that the possibility that this mission might visit Satellite countries had been discussed by the cabinet, but said press reports that such plans had actually been made were "premature."

While the mission has been reported as being interested in studying all conditions in the countries to be visited, the great majority of the delegates are military personnel.

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14. Possible rift between Philippine Defense Secretary and Quirino seen: Political observers in Manila are reported to believe that Defense Secretary Magsaysay may be dismissed during his forthcoming visit to the United States for a physical checkup.

The USAF Philippine Command observed that a press release from the Office of the President in Manila announcing Magsaysay's visit to the United States and possible visit to Mexico City was made without the knowledge of the Public Information office of the Armed Forces, Philippines, and reputedly came as a surprise to Magsaysay.

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Comment: The press release indicated that Magsaysay might, if time permitted, address a Lions International Convention in Mexico City. He had previously declined an invitation to do so.

Because of known resentment among administration party leaders over Magsaysay's efforts to prevent the Armed Forces from being used for political purposes, his replacement by President Quirino is a subject of almost constant speculation. In the past, Quirino has always supported him publicly but on certain occasions has not done so privately.

SOUTH ASIA

15. India fails to reduce troop strength in Kashmir: The American Embassy in New Delhi has learned from Indian military and diplomatic sources that the withdrawal of 18,000 of the 62,000 Indian troops in Kashmir, previously reported to be "in process," has not yet commenced. In fact, recent troop transfers may have effected a net increase of three battalions.

Though Pakistan has only 19,000 soldiers in Kashmir, an Indian External Affairs officer claims that recent bellicose statements made by Pakistani officials caused India to reverse its earlier decision to withdraw a division of its forces from the state.

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Comment: In preparation for the current talks in New York with UN Representative Graham, India has emphasized the concession represented by its voluntary withdrawal of an army division from Kashmir and the conciliatory attitude illustrated thereby.

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Since Pakistani officials have issued bellicose statements during every Kashmir crisis in the last four years, it is doubtful that the Indian excuse is genuine.

NEAR EAST - AFRICA

16. Wafdists may try to force reopening of Egyptian Parliament on 3 June: The influential Wafd has been spreading rumors that it has decided to revive its antigovernment activities. It says that it will have deputies march to Parliament on 3 June, which it claims is the last day under the Constitution by which the now-dissolved Parliament must be called into session by the King.

The American Embassy in Cairo comments that the Egyptian police and army seem capable of handling any Wafdist challenge to the government's ability to maintain law and order.

Comment: A new wave of unrest provoked by the Wafd would adversely affect the Egyptian-Sudanese talks scheduled to begin 31 May. Sudanese delegates, already hostile to Egypt and suspicious of Egyptian intentions and political ability, might become more intransigent in their opposition to Farouk as King of the Sudan if they became first-hand witnesses of Egyptian political disturbances.

17. Sudanese voters favor pro-Egyptian party: The Cairo press has been reporting overwhelming victories of pro-Egyptian candidates in recent Sudanese municipal elections. Three municipalities have elected 38 pro-Egyptian and three pro-independence candidates; another municipality, traditionally a stronghold of the independence party, has elected a pro-Egyptian party candidate for the first time.

The American Ambassador in Cairo notes that these results have not been confirmed by British officials in the Sudan, as has been requested by the Sudan Agent in Cairo.

The Ambassador observes that while these results are insufficient to establish a pro-Egyptian trend, they do suggest that sentiment in favor of the unity of the Nile Valley may be much stronger, at least in the northern towns, than the Sudanese Government has estimated.

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Comment: There have been conflicting reports, but no conclusive information, on Sudanese public opinion on union with Egypt.

18. French reform program for Tunisia ready for initiation:
According to the French Resident General, France's reform program for Tunisia has been drafted and can be put into operation within ten days, if both the French and Tunisian Governments act promptly. American officials comment that the reform program is apparently the same as last March.

The Resident General hopes actually to launch the reform program before the end of Ramadan on 23 June.

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Comment: The reform program of last March, if not drastically amended by the French Cabinet, probably would be acceptable to most Tunisians. It provides for some increase in Tunisian autonomy, with France reserving absolute control over finances, defense, and foreign affairs.

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WESTERN EUROPE

19. Trieste Stalinists reportedly to adopt vigorous anti-fascist policy: On the basis of fears of resurgent fascism, Moscow has reportedly ordered the pro-Cominform Communist party in Trieste to abandon its defensive policy and adopt an offensive one. In preparation for this more positive campaign against the neo-fascists, a strong nucleus within the party is to be organized into action squads along military lines. [redacted] 25X1
[redacted] 25X1

Comment: The recent strong electoral showing of the neo-fascists in both Italy and Trieste may have produced this Moscow reaction. From a tactical standpoint, however, the Communist position in Italy and Trieste would be strengthened by Christian Democratic defections to the right-wing parties.

20. Economic countermeasures seen most effective against East Germany: The High Commissioner's office in Berlin believes that General Chuikov's protest against the blocking of East German accounts in American banks testifies to the effectiveness of such measures. While discounting the efficacy of any local economic countermeasures by the West, HICOG officials believe that economic retaliation on a global scale would be most effective, and, particularly in its financial aspects, could be most easily enforced. [redacted] 25X1
[redacted] 25X1

21. West German Government believes Allied-Russian talks unlikely: Leaders of all factions in the West German coalition now say that there is little possibility for any four-power talks at this time. According to one leader, the note is receiving scant attention because Moscow has killed the subject by repetition.

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No informed German official believes that either the note or recent Soviet moves indicate that a war is imminent. [redacted]

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Comment: Recent statements by coalition leaders, together with the continued embarrassed silence of the opposition Social Democrats, are evidence that the Western powers have gained the initiative in the battle of notes.

22. French press for assurances on military production finances: French Defense Minister Pleven has told Secretary Acheson that the National Assembly would open its military debate on 10 June under "very unfavorable conditions" unless the government can present some idea of the level of American credits for military production in France in 1952-53.

Pleven fears that the Assembly might transfer funds to armament production to the detriment of other parts of the defense effort such as NATO installations because it is politically "inconceivable" that France should close armament plants just as German plants reopen. [redacted]

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Comment: The total appropriation for the French military budget has been voted, but the Assembly has yet to decide on its allocation.

American officials in Paris think that defense production in France is not only vital to the total NATO potential, but is also important if France is not to be dependent indefinitely on the United States.

23. French Government initiates new anti-Communist policy: Premier Pinay told Secretary Acheson on 29 May that the French Government had earlier decided to deal with "Communist insolence" on the "first appropriate occasion" and was now initiating a policy of "active Communist repression."

Pinay, who considered the widespread demonstrations against General Ridgway only a part of a "thoroughly organized Communist program to break up the state's internal law and order," added that his program to restore confidence included political and social reforms as well as economic. [redacted]

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Comment: This bold action by the French Government was presaged by such earlier steps as the anti-Communist Press Bill

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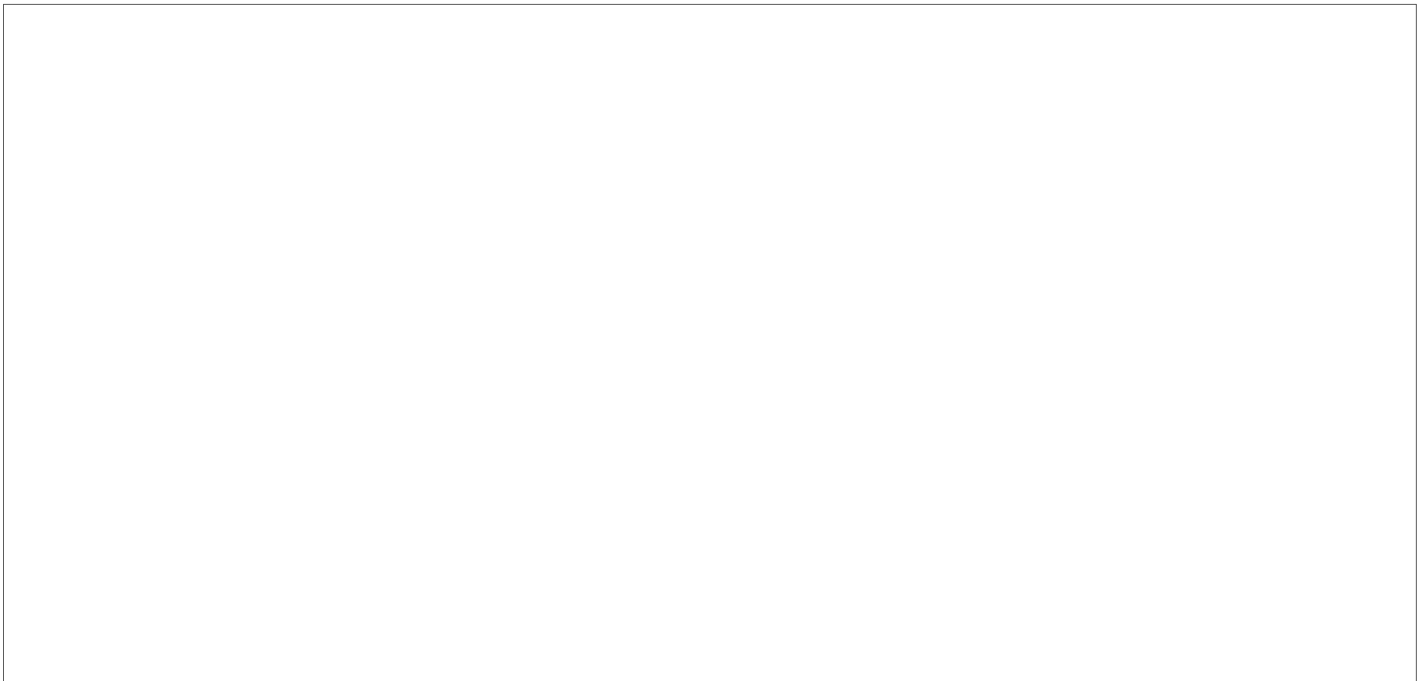
of 8 November 1952 and the ban against the 12 February Communist demonstrations.

Although some sabotage in defense industries and ports may continue, the present government is farther to the right than any since World War II, and is using its power to reduce the over-all strength of the French Communist Party.

24. MRP dissatisfaction with Pinay increasing: The American Embassy in Paris reports that the recent congress of the Popular Republican Party (MRP) was marked by "scathing denunciations" of the "reactionary policies" of the Pinay government. Even the newly elected party president expressed regret at MRP participation in the government.

Despite this opposition, however, the conservative majority^{25X1} of the party voted by a large majority to allow Pinay to continue his price-lowering experiment.

Comment: This new display of unrest in the Popular Republican Party, reflecting increased dissatisfaction with the party's exposure to attack from the left, gives added weight to its demands that Schuman remain in the cabinet as a condition of continued Popular Republican support of the coalition. 25X1



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27. Sweden opposes British plan for Council of Europe: Foreign Minister Uden has told Parliament that Sweden is prepared to withdraw from the Council of Europe rather than agree to or veto the British proposal to turn the Council into a parent organization of the European Defense Community. He said that the plan sponsored by British Foreign Secretary Eden would result in the Council's discussing military matters, thus violating Sweden's "alliance-free" policy. 25X1

Comment: This is the first official announcement of Sweden's position, although Uden had previously expressed his skepticism regarding the plan. The Swedish statement may be designed primarily to encourage modification of the British proposal, since Uden remarked earlier that it would not "raise unsurmountable obstacles for Sweden."

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2 June 1952

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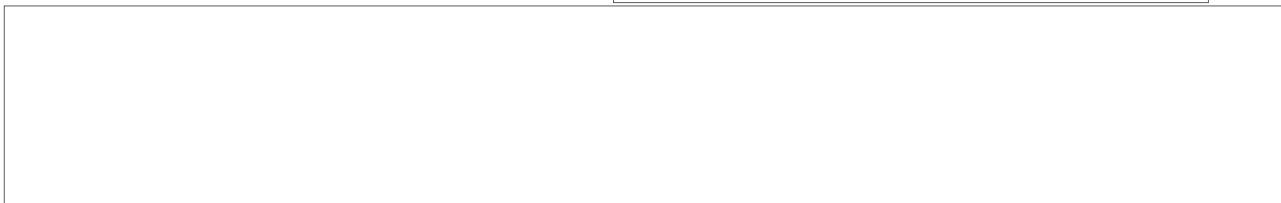
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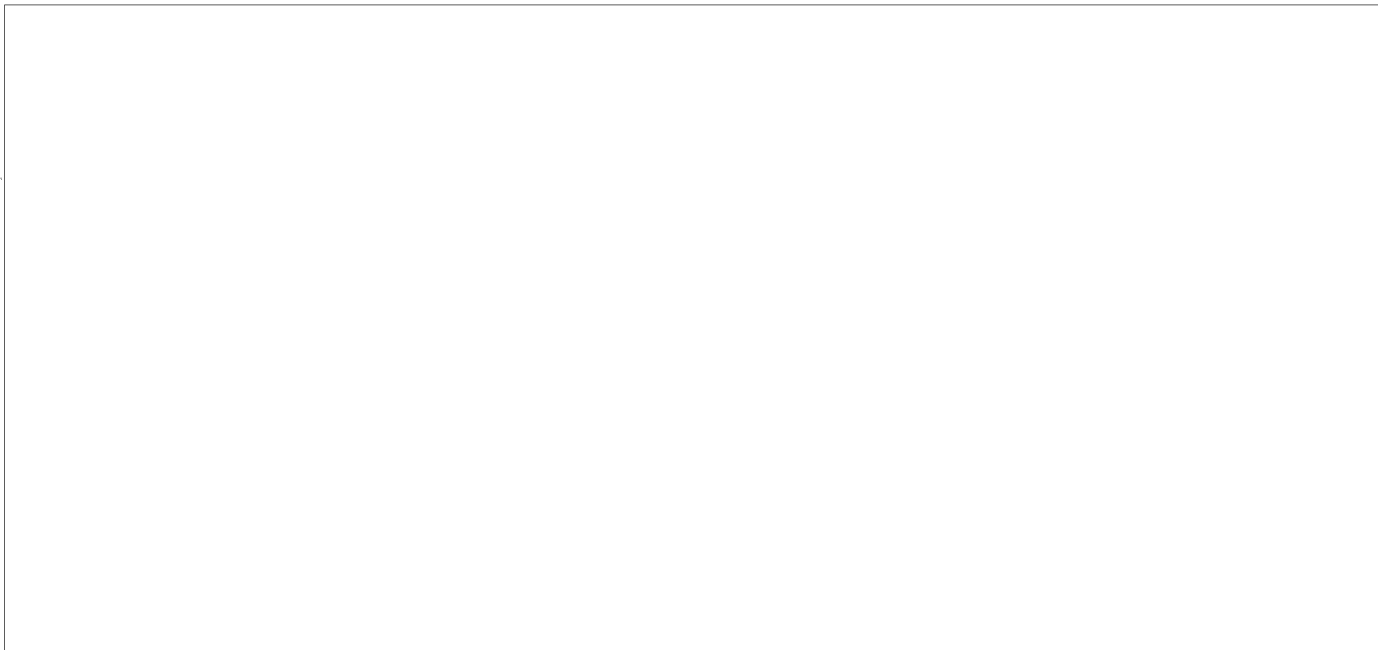
FAR EAST

2. South Korean Army move against Rhee suggested: Former South Korean Prime Minister Chang Myun told American Charge Lightner on 29 May that Chief of Staff Lee and many other ROK Army officers have concluded that President Rhee is "a menace." Chang added that if General Van Fleet would unofficially permit the movement of one Korean division to Pusan, the military would "put things to right."

Lightner comments that Chang has been isolated in a US army hospital for several months but adds that former Defense Minister Yi Kipong is reportedly considering a similar plan, and his connections with General Lee and other military leaders are far closer than Chang's. 25X1
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The ROK national police attempted on 31 May to arrest Chang Myun as the "number one Communist" but were thwarted by US military police guarding the hospital.



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