Approved for Release: 2019/05/08 C02008407 TOP SECRET SECURITY INFORMATION

6 January 1952

Copy No. 47

3.5(c)

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. _____ NO CHANGE IN CLASS. CLASS, CHANGED TO: T3 S 2007 NEXT REVIEW DATE: AUTI DATE

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



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GENERAL

1. Britain wants general conference on Korea after armistice:

Britain believes strongly that the powers 3.3(h)(2) directly concerned in the Korean hostilities should hold a conference to work out a political settlement if an armistice is arranged, according to

the chief Australian delegate to the UN General Assembly. These powers would include the United States, Britain, Communist China, the Soviet Union, France, India, Australia, and perhaps Thailand and Turkey.

<u>Comment</u>: This is the first information on recent British thinking regarding the procedure for achieving a Korean political settlement, which the United Kingdom has long maintained must precede any general stabilization of the Far Eastern situation.

FAR EAST

2. Stalin's message appeals to discontented Japanese elements:

Stalin's message to the Japanese people caught 3.3(h)(2)both government and public by complete surprise, according to the US Political Adviser in Tokyo. Japanese non-Communist editorial comment

ranged from utter skepticism to the influential <u>Yomiuri</u>'s interpretation that Japan should not fear this new peace offensive and should conclude a bilateral peace with the Soviet union.

The Political Adviser believes that those business and industrial groups interested in trade with the Soviet Union and Communist China will be heartened, as will left-wing elements opposed to the peace and security treaties, rearmament and the stationing of US forces in Japan. He concludes that while most Japanese will be inclined to examine carefully any Soviet offers of friendship, the message has been well-timed to coincide with the growing uneasiness over the future US position in Japan.

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Comment: The San Francisco treaty encourages Japan to conclude a bilateral peace treaty with any state which adhered to the UN declaration of 1 January 1942 and which is at war with Japan, on the same or substantially the same terms.

<u>Yomiuri</u> has the third largest newspaper circulation in Japan and is generally said to have an independent viewpoint.

3. Comment on Communist policy concerning South Korean prisoners:

Two authoritative Communist spokesmen recently explained the great discrepancy between the 11,000 South Korean soldiers listed by the Communists as prisoners of war and the 90,000 that the UN lists as missing in action. Wilfred Burchett, correspondent for a French Communist newspaper, stated that the Communists released "almost all South Koreans when captured, allowing them to return to their homes or follow their own inclinations."

The Communist cease-fire delegate, General Lee Sang Cho, elaborated this theme by noting: "There is not a single man to be found on our side who has been forced into the war. True, in our ranks there are those personnel from your side who . . . revolted and came over to our side . . . We have never classified them as prisoners of war and we will never turn over these patriots of Korea to you . . . "

Intelligence, from recaptured South Koreans indicates that South Korean military personnel 3.3(h)(2) integrated into the North Korean Army are termed "liberated privates" and were forcibly inducted. Enemy preparation of detailed "liberated privates" lists, however, suggests a possible future Communist concession on this point.

4. US Consul supports Papal Nuncio's pessimistic viewpoint on Indochina:

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The US Consul in Hanoi concurs in the views recently expressed by the Papal Nuncio to the Philippines regarding the inadequacy of the French effort to win the sympathy of the Vietnamese.

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In commenting on the Nuncio's report of the lack of mutual trust between French and US officials and the stubborn French belief that the US desires a controlling interest in Indochina, the Consul states that the Nuncio's opinions are a "fair assessment."

<u>Comment</u>: The Nuncio is reported to have studied the situation quite carefully during a visit to Indochina in December and, upon his return to the Philippines, expressed himself as "gravely perturbed" by the weaknesses of the Vietnam Government, by French distrust of American motives, and by the failure of the French to promise full independence to Vietnam.

5. American aid program in Burma reported in jeopardy:

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The US Embassy in Rangoon reports that Burmese officials are balking at the requirements in the Battle and Mutual Security Acts which must be satisfied before Burma receives further US

assistance. The Burmese apparently regard these requirements as contrary to their concept of a "neutral" foreign policy and as an impairment of their sovereignty. They also fear antagonizing Communist China and the Soviet Union.

The Embassy considers the situation "critical" and believes the United States may have to suspend aid if the Burmese do not themselves terminate the existing bilateral ECA agreement.

<u>Comment:</u> The Socialist-dominated Burmese Government has always been sensitive to Communist criticism and there have been recent indications of a growing aversion to ECA -- a prime target of Communist propaganda. On the other hand, the rapidly developing aid program in Burma has been well received and appreciated by the Burmese people and was expected to further Burmese cooperation with the West.

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EASTERN EUROPE

6. Weak propaganda since fliers' release indicates Hungarian indecision: 3.3(h)(2)

According to the US Legation in Budapest, weak propaganda coverage on the released American fliers reflects a continued lack of Hungarian or Soviet policy directives and marks a propaganda

low point. The unusual reticence of the press since the fliers' release on 28 December suggests that editors are waiting for new government action or an official view of the situation following the retaliatory action of the United States.

<u>Comment</u>: The vacillations of Foreign Ministry officials during negotiations for the fliers' release and the sharp disparity between the charges of espionage and the actual trial for border violation tend to confirm that an over-all policy for the case has not been developed.

WESTERN EUROPE

7. Comment on Communist efforts to delay West German rearmament:

The Communists are intensifying their efforts to delay West German rearmament and integration into Western Europe and are enjoying some success in using West Germans to promote these objectives. Pastor Niemoeller is now in Moscow to "strengthen the cause of peace through church channels" and to discuss the release of German war prisoners. If he were to secure the release of prisoners of war now classified as "war criminals" or contract employees, his views in favor of rapprochement would become more popular in West Germany, where they now have little support.

The East German Government has announced a draft all-German election law which requires the approval of East and West Germans in consultation. The Communists thus may hope to entice the West Germans into protracted discussions and draw attention away from negotiations with the West and delay integration.

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There is no indication, however, that Moscow is contemplating an eleventh-hour genuine offer for the democratic unification of Germany.

LATIN AMERICA

8. Possible change of government in Panama:

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ex-President Harmodio Arias of Panama has alerted his newspaper for a possible early change of government. Neither President Arosemena nor the

police chief appears to have definite knowledge that a coup is scheduled, but the police have been alerted,

<u>Comment</u>: The bitter political campaign between the forces of former police chief Remon and the nationalist, Communist-aided forces of Harmodio Arias in connection with the presidential elections next May has intensified chronic Panamanian instability. A well-organized uprising to preclude the possibility of Remon's election would have urban support and, despite Remon's ties with the police, could be successful.



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