11 June 19	53
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DOCUMENT NO.	
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CENTRAL INTELLIGENCE AGENCY	

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GENERAL

1. USSR to appoint ambassador to Yugoslavia:

Ambassador Bohlen reports that Soviet foreign minister Molotov has asked Yugoslavia to accept an ambassador and has expressed the hope that Yugoslavia would

reciprocate. The foreign minister requested agrement for the present chief of the Foreign Ministry's Balkan section.

<u>Comment:</u> There is no indication at the present time that the Kremlin will make an attempt to re-establish closer economic and cultural relations with Yugoslavia or that the latter would be receptive to such overtures.

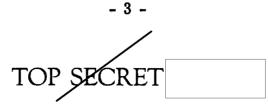
SOVIET UNION

2. Comment on possible reduction in force in Yakutsk security apparatus:

the pending merger of the Yakutsk MGB and MVD was causing considerable difficulty in finding positions for experienced personnel. Apparently the transfer of MVD economic organs to economic ministries has resulted in a large-scale reduction in force in the Yakutsk MVD-MGB administration.

the merger of the MVD and MGB on the national level and the transfer of the MVD's economic functions were causing widespread confusion in the higher levels of the Soviet government. 3.3(h)(2) the confusion has now spread to the republic level.

The loss of certain functions and any reduction in force of the combined MVD-MGB would create a morale problem in the Soviet Union's coercive apparatus. De-emphasis of these agencies suggests that the present regime is attempting to appear less dependent than Stalin on police control.



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FAR EAST

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ECURITY INFORMATION

TOP SECRET

3. South Korean cabinet reportedly decides against unilateral military action:

	The South Korean cabinet and a group of influential National Assemblymen decided on 8 June to recommend to President Rhee that the Republic of Korea army take no	3.3(h)(2)
unilateral military action, Most of these officials believed that		3.3(h)(2)

Rhee would agree to their recommendation. They urged, however, that antitruce demonstrations continue, stating it would be "disgraceful" to accept the truce unconditionally.

Political leaders are still Comment: opposed to the truce agreement but apparently are coming to the conclusion previously reached by ranking military officers that independent military action to secure unification would be highly impractical at this time. Rhee's fanatical opposition to the continued division of Korea continues to be the controlling factor in South Korea's truce stand.

SOUTHEAST ASIA

4. New Indochina commander probably will make no early change in strategy:

The new French commander in Indochina, 3.3(h)(2)General Navarre, appears still overwhelmed with his job and will go slow in initiating any major changes in strategy The confused state of French politics

and the political issues involved in the handling of the Indochina war are complicating his task of restoring morale and confidence in the French officer corps.

Both Navarre and his deputy strongly favor a rapid build-up of the Vietnam army and an increase in its responsibilities; the latter, however, has expressed dismay at the lack of Vietnamese officers for staff and command positions.

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<u>Comment</u>: Improvement in French officer morale is unlikely unless an aggressive policy is adopted. Hitherto, military initiative appears to have been tempered by political considerations in both Paris and Saigon.

The development of an effective national army, including the training of all categories of officers, still appears to be a long-term project susceptible to many delays.

5. <u>Communist China reportedly to include Burmese territory in a Shan</u> autonomous state:

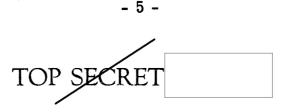
Communist China plans to establish an 3.3(h)(2) autonomous Shan state which will include territory in Yunnan and all the area of Burma east of the Salween River,

This action reportedly will take place not later than October, with the exact timing dependent on the extent and rapidity of the withdrawal of the Chinese Nationalist troops from the area.

In the meantime, the Chinese Communists are allegedly building roads to facilitate communications between China and the new state.

<u>Comment:</u> The dissatisfaction of many Shan leaders over the curtailment of their powers by the Rangoon government has been exploited by the Chinese Nationalists, who, have contacted the Shan chieftains 3.3(h)(2) regarding the establishment of an autonomous state. There have also been reports that the Chinese Communists were seeking to exploit the

Shan discontent.



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6.

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NEAR EAST - AFRICA

7. Comment on Egyptian withdrawal from Sudanese electoral commission:

The withdrawal on 7 June of the Egyptian member and the pro-Egyptian Sudanese representative from the international commission supervising the forthcoming elections in the Sudan may represent a maneuver through which the Egyptians will be in a position to charge the commission with partiality in preparing the elections and to disavow the results in the event of defeat. The withdrawal followed the rejection of Egypt's demand that tribal leaders be prohibited from political activity.

Egyptian influence in the Sudan has suffered since the coalition of Sudanese parties collapsed in April, when the pro-independence Umma party charged Egypt with undue interference in Sudanese politics. The commission's recent decision to forbid government personnel from taking part in political activities has also been a severe blow to the pro-Egyptian faction which counted on this group for its strength.



WESTERN EUROPE

8. Comment on the Italian election results:

The slim majority obtained in both houses of parliament by the center electoral bloc in the Italian national elections will make the De Gasperi government virtually inoperative without support from either the right or left. The bloc failed to obtain the popular majority of votes which would have given it almost 65 percent of the seats in the Chamber of Deputies.

A feature of the election was the pronounced shift to the left, which was reflected in the impressive gains made by the Nenni Socialists, as contrasted with the modest gains of the neo-Fascists and Monarchists on the right.

Before the election, De Gasperi indicated that he would call for new elections if his bloc failed to win a majority of the popular vote. He is under considerable pressure, however, to form an alliance with the Monarchists.

