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23 September 1953

3.5(c)

Copy No. 67

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 10NO CHANGE IN CLASS. DECLASSIFIED

CLASS. CHANGED TO: TS S C

NEXT REVIEW DATE: 2009

AUTH: HR 70-2

DATE: 19/12/79 REVIEWER:

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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GENERAL

1. German prisoners reported shipped to USSR after June riots:

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prisoners from East Germany were seen headed east in trains and trucks from various points in Poland within a few weeks after the 17 June German riots. On 8 July a long train loaded with Germans under armed guard was reportedly observed and there were indications that it was going to the USSR. Two trains, each with about 1,500 German prisoners, were seen on 15 July, and on 24 July a train of 12 boxcars with German prisoners was seen.

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it is possible that Soviet authorities have removed to the USSR many of those arrested after the demonstrations, perhaps to prevent their release if new riots should break out centered around East German prisons.

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SOVIET UNION

2. Purge of Georgian leaders eliminates Beria associates:

The actions of the Georgian Central Committee at a plenary session on 20 September suggest that the meeting was called solely for the purpose of eliminating Beria associates from the republic's party and government.

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All-Union party secretary N. N. Shatalin was sent from Moscow especially to attend the meeting. The first secretary of the party was replaced, and a new Central Committee Buro elected; a subsequent government decree removed the chairman of the Council of Ministers. Virtually all of Beria's former associates have now been replaced.

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SOUTHEAST ASIA

3. New Chinese Nationalist air strip in Burma reportedly completed:

[redacted] Chinese Nationalist forces have constructed 3.3(h)(2)
 a new air strip in southern Burma near the
 important port of Moulmein, [redacted] 3.3(h)(2)

[redacted] withdrawing from the airfield at Mong
 Hsat, their main base in Burma, because it is no longer secure.

Comment: This is the [redacted] 3.3(h)(2)
 construction of air strips in areas of southern Burma
 controlled by Karen insurgents. Cooperation between the Karens
 and Nationalists is not a new development, but further Nationalist
 exploitation of this tie, following the collapse in Bangkok of nego-
 tiations for the evacuation of the Chinese forces, would be especially
 galling to the Burmese. They had considered the Karens virtually
 defeated before they received arms from the Nationalists.

[redacted] Mong Hsat had been subjected to an air attack on 20 September. 3.3(h)(2)

NEAR EAST - AFRICA

4. Special American aid asked for Iranian army:

[redacted] The shah proposed to Ambassador Henderson 3.3(h)(2)
 on 18 September that the United States give
 Iran additional financial aid to increase the
 salaries of the noncommissioned officers
 and low-ranking commissioned officers as well as to improve the
 housing for the armed forces. The next day Minister of Court Ala
 told Henderson that the army needed about \$1,000,000 monthly to
 carry out this program.

Comment: Poor pay and inadequate hous-
 ing have long created low army morale. The shah apparently plans
 to rely heavily on the army for support in the future and is trying to
 give priority to improving its living conditions.

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5. Shah favors "supervised" elections for Iranian Majlis:

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Ambassador Henderson reports that the shah believes it would be dangerous to hold new Majlis elections before the government has proved to the people that its program is successful. If new elections become necessary, the shah considers that they should be "supervised."

The shah also stated that if the elections failed to produce a "good Majlis," he would dissolve it and exercise dictatorial powers until improved conditions made it possible to hold elections again.

Comment: Without Majlis participation, the present government invites popular opposition.

Rigged elections are usual in Iran. The army, over which the shah is now exerting more direct control, could be an important factor in obtaining the election of deputies who would support the regime.

6. UN official expected to order Israel to drop plans for diverting Jordan River:

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Aides of General Bennike, chief of staff of the UN Truce Supervision Organization, are certain that he will request Israel to stop its efforts to divert the upper Jordan River near the Syrian border. According to the American consul general in Jerusalem, Bennike's decision has not been announced but has been telegraphed to UN headquarters in New York.

Comment: Syria has threatened to take the issue to the UN Security Council if Israel does not cease this activity, which it began about three weeks ago.

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[redacted]

On 21 September Field Marshal Montgomery, in separate conversations with the Greek minister of defense and the prime minister, recommended reduction of the Greek army from ten to six divisions in the interest of a stronger economy. Montgomery reportedly will make a similar recommendation to the Turkish government.

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Ambassador Cannon in Athens fears that Montgomery's recommendation may cause widespread popular pressure for reduction of the armed forces.

Comment: General Gruenther has asked Montgomery not to raise this subject during his visit to Turkey. Montgomery made similar suggestions to Greek officials twice last year. As in the past, his statement may renew Greek demands for increased American aid in order to keep armed forces at their current strength.

Montgomery's views were made public the same day that he spoke to the defense minister and the prime minister. He is reported to have argued publicly that in peacetime a country is better off with a few well-equipped army divisions than with a large number of understrength divisions.

WESTERN EUROPE

8. British again press for revision of proposed Austrian note to Moscow:

[redacted]

According to the American embassy in London, the Foreign Office now considers it extremely urgent for the Western powers to persuade the Austrians to modify the text of their proposed new note to Moscow. Foreign Office officials believe that the present draft implies that Austria has withdrawn

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support from the short treaty in response to Soviet insistence, and that it would be certain to lead to a new Soviet note charging that the West alone is responsible for blocking the treaty.

Comment: The draft Austrian note states that "if the Soviet Union refuses to discuss the short treaty," Austria will no longer support it. The draft fails to mention that the Western powers in their notes of 17 August agreed that the short treaty would not be introduced for consideration at the meeting of the treaty deputies then proposed for 31 August.

Previous Western efforts to revise the proposed note, which will be reviewed by the competent parliamentary committee on 23 September, have been brushed aside by the Austrian government.

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