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GENERAL

1. Britain now proposes Thailand for Security Council seat:

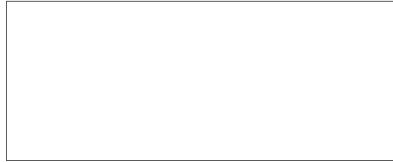
Britain is now considering joining the United States in sponsoring a non-Satellite candidate to succeed Greece on the UN Security Council, according to the British UN delegation. However, London believes that the election of Turkey, which is sponsored by the United States, to serve simultaneously with Lebanon would give the Near Eastern countries too much representation. The British propose Thailand in an effort to strengthen that country's resistance to Communist pressure.

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Comment: On 31 August the British indicated that they felt a Satellite country should be permitted to occupy the seat traditionally reserved for an Eastern European state. They stressed, however, London's desire to avoid disagreement with Washington.

British spokesmen have suggested previously that it might be desirable to increase Far Eastern representation on the Security Council.

FAR EAST

2. Japan's economic policies endangering American objectives:

According to Ambassador Allison, the Japanese government's refusal to deal with its economic problems is leading to a crisis which will endanger Japan's conservative forces and compromise the policy of cooperation with the United States. He notes that in the absence of prudent economic policies, the large dollar income from special American procurement is increasing inflation, prolonging an unhealthy boom, and pricing Japanese exports out of international markets.

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The ambassador says that the government is confident that the United States will bail it out of financial difficulties through special procurement, Korean rehabilitation, or new loans and is showing no disposition to adopt policies of long-term benefit.

3. Japanese-South Korean relations endangered over fishing dispute:

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[redacted] There is strong sentiment in the Japanese cabinet for taking retaliatory moves against South Korea for its action in excluding Japanese fishing vessels from international waters within the former UN sea defense zone. Foreign Minister Okazaki, in requesting US intervention in Japan's behalf, informed Ambassador Allison that suggestions were made at a cabinet meeting on 8 September to expel the Korean mission chief and to take steps against Korean residents, and it was only with great difficulty that these actions were prevented.

Comment: South Korea has declared its intention to enforce by itself the UN sea defense zone which was abolished by the UN Command on 25 August. A Japanese fishery agency patrol vessel was warned on 7 September by a South Korean warship that all Japanese fishing vessels within the zone were to be driven out beginning at midnight. Three Japanese vessels were reported to have been seized on the same day, and statements attributed to the Korean naval headquarters indicated that vessels which ignored orders to halt would be sunk.

SOUTHEAST ASIA

4. Indonesian legislative opposition plans strategy:

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[redacted] Chairman Natsir of the Masjumi party, Indonesia's chief opposition group, is lining up votes to unseat the cabinet by parliamentary action, [redacted]
 [redacted] The Catholic and Socialist parties have agreed to cooperate, but the Christian Party and Democratic Faction are not yet in complete agreement with Natsir's plans.

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Comment: Unless aided by defections from the several small parties now supporting the cabinet, the proposed opposition coalition is not strong enough to upset the cabinet, which holds a parliamentary majority as a result of Communist Party support. Reports have been received that Natsir hopes the necessary defections will take place within two to five months. There are already indications that one minor party represented in the coalition is considering leaving the government.

If the opposition is unsuccessful in its present plans, it may begin plotting for an overthrow of the government by force.

NEAR EAST - AFRICA

5. Iranian Communist newspaper reportedly printed in Soviet embassy:



The Tudeh is printing its newspapers in
the Soviet embassy in Tehran,

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[redacted] The papers
are then carried in diplomatic cars, first
to the Rumanian legation, and then to four distribution points in Tehran.

Comment: All known Communist printing
presses in Tehran have been seized by the police, and [redacted]
[redacted] the police have disrupted the usual distribution system
for Communist literature.

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Although Soviet diplomatic establishments abroad have been used in this type of activity, the Russians are usually cautious in their operations.

WESTERN EUROPE

6. Rome reportedly doubts Allied opposition to Italian armed entry
into Trieste:



The American political adviser in Trieste
reports that according to his most reliable
source, high Italian government officials

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doubt that Italian armed units would encounter military resistance if they attempted to enter Zone A of the Free Territory of Trieste. He warns that failure of the Rome government to be absolutely certain as to the stand which would be taken by the Anglo-American occupation forces in such an event could lead to serious consequences.

Comment: Premier Pella recently told Ambassador Luce that if Yugoslavia occupied Zone B of the Free Territory, Italian troops would enter Zone A. If their entry were opposed by the Anglo-American forces, however, the troops would not attempt to force their way, but the Pella government would resign.

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