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GENERAL

- 1. Burmese ambassador believes USSR seeks more trade with Southeast Asia:**

The Burmese ambassador to Moscow on his return to Rangoon told the British ambassador there that the Soviet Union would like to "move into the Southeast Asia market." He

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believes the USSR can supply Burma with capital goods and is prepared to buy Burmese rice.

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The Soviet Union has shown increased willingness to buy agricultural products and has made attractive offers of capital goods and machinery, apparently as part of its efforts to expand commercial ties and political influence in several underdeveloped countries. The lavish Soviet exhibit at the recently concluded Bangkok Constitution Fair and the conclusion of a five-year trade agreement with India on 2 December are further indications of growing Communist interest in the economic penetration of this area.

SOVIET UNION

- 2. Ambassador Bohlen comments on Beria case:**

Ambassador Bohlen foresees a secret trial for Beria in the near future with sentence and execution following without delay. In his opinion, the manner in which the charges are presented and the fact that the accused are to be tried under the law of 1 December 1934 suggest that the Kremlin wishes to dispose of the Beria case without the internal agitation and the unfavorable foreign reaction which would accompany a widely publicized purge trial.

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Bohlen interprets the Beria case as part of an attempt to subordinate the MVD to the control of the top party leadership. This is a task "of considerable delicacy and even danger," since there is no intention of destroying the absolute authority of the police over the Soviet population.

In addition, the national background of the majority of the defendants suggests an attempt to reduce or eliminate the specially privileged position to which the Georgians had risen under Stalin's rule.

Comment: Under Stalin the secret police, like all Soviet institutions, was subordinate to his personal control. It was also subordinate, however, to party control through an intricate system of checks, particularly on personnel appointments maintained by the party central committee. After Stalin's death Beria was apparently attempting to by-pass these checks and develop the MVD as an organization of personal power.

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SOUTHEAST ASIA

4. Chinese Communist military training mission reportedly in Laos:

About 70 or 80 Chinese Communist officers were acting as military advisers in Sam Neua, northern Laos, in mid-October,

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The Chinese officers were instructing both "Free Laos" and Viet Minh soldiers.

The strength of the "Free Laotians" in Sam Neua totaled 300 at that time. The Laotian soldiers were said to be uncooperative with the Viet Minh and there were many desertions.

Comment:

a 40-man Chinese training mission was active in November in the Luang Prabang area of Laos.

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The so-called "Free Laos forces," under Viet Minh direction, pose a security problem for the Laotian government. The success of accelerated Viet Minh efforts to build up this force since the invasion last spring has not been determined.

5. Indonesian army commanders expected to present ultimatum to government:

The American chargé in Djakarta has been reliably informed that four Indonesian army territorial commanders are meeting in Bandung to prepare a demand "tantamount to an ultimatum" that the defense minister be removed. According to the demand, the government must take some action by 20 December.

Comment: The four territorial commanders opposed to the pro-Communist defense minister are those in West and Central Java, North Sumatra, and Borneo. They have become progressively more alarmed over his moves to decrease the influence of moderate and anti-Communist officers and to concentrate responsibility for defense matters in his own hands.

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The disaffected commanders may feel that they must act before parliament passes the recently introduced national defense act, which would legalize the defense minister's actions. They are, however, severely handicapped by a lack of active political support from the leaders of the parliamentary opposition parties.

6. Indonesians are disturbed at Magsaysay's possible emergence as Southeast Asian leader:



Indonesian officials are disturbed over speeches by Carlos Romulo, the former Philippine ambassador to the United States, which have depicted Ramon Magsaysay as

the future leader of the Southeast Asian countries,

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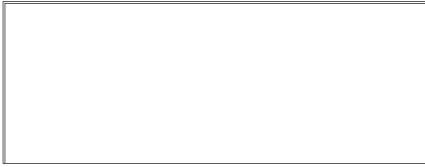
They feel that such a boom is "pre-sumptuous." The Indonesians are also concerned over Vice President Nixon's reference, while in the Philippines, to Magsaysay as a "leader in Southeast Asia."

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Comment: The Indonesians are sensitive to implications that any foreigner can speak in their behalf. They have also reacted negatively in the past to any suggestion that Southeast Asia is a political or economic entity.

NEAR EAST - AFRICA

7. Iranian officials reject regional defense pact until army strengthened:



Ambassador Henderson reports that the shah, during his conversation with Vice President Nixon, emphasized that the United States must decide soon whether Iran's army is to be for defense of Iran or for internal security only.

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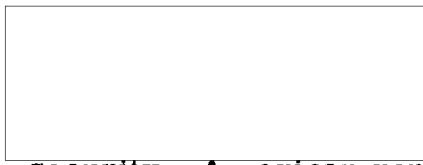
The shah believes that if the army is used only for police purposes, the morale of his country will suffer and Iran will be less able to resist Soviet political and military pressure. The shah added that it would be useless to discuss regional military cooperation so long as Iran does not have an army capable of defensive action.

In subsequent conversations with Henderson, Prime Minister Zahedi and Foreign Minister Entezam indicated agreement with the shah. Entezam was worried, however, that the shah may have unintentionally implied that Iran is prepared now to go further than it really can.

He added that the less said about Iranian participation in a mutual defense pact the better, and that he hoped there would be a minimum of publicity in the United States if the latter decided to increase military aid to Iran.

WESTERN EUROPE

8. Britain and France seen unwilling to offer Austria security guarantee:



British and French representatives at the tripartite discussions in Paris on the German and Austrian questions doubt the advisability of an Allied declaration on future Austrian security. American representatives have the impression that neither Britain nor France would go to the assistance of Austria should its independence be threatened after the conclusion of a peace treaty.

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Comment: The United States had hoped that Britain and France would join in a tripartite declaration concerning Austria's political and territorial integrity to be issued when troops are withdrawn from Austria. Such a declaration would be accompanied by an Austrian commitment to maintain adequate internal security forces and to cooperate with the West in the event of war.

If the Austrians become aware of this attitude on the part of France and Britain, neutrality sentiment, which has increased during the past year, may be encouraged.

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LATIN AMERICA**9. Brazil desires close consultation with United States on Inter-American Conference:**

Detailed consultation between the United States and Brazil on the agenda of the March Inter-American Conference has been made more important by Argentine attempts to form a voting bloc, according to Brazilian foreign

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minister Rao. In a talk with United States ambassador Kemper on 15 December, Rao proposed that consultation begin immediately after a scheduled January caucus of Brazilian diplomats.

Comment: Brazil is eager to assume the leading role at the conference. It has expressed special interest in the economic items of the agenda, which are the most likely to be troublesome to the United States.

The allegation that Argentina is attempting to form a voting bloc may be based on Argentine foreign minister Remorino's current tour of several Latin American countries and his efforts to get them to sign the loosely worded economic agreement known as the Act of Santiago. There is no evidence that Argentina is attempting to gain backing for specific proposals.