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FAR EAST

1. Comment on the Japanese election:

[Redacted]

The outlook for the next government of Japan is for a continuation of the political instability which characterized the latter days of the Yoshida administration. Prime Minister Hatoyama is expected to form a cabinet made up entirely of Democrats, which will leave his minority government at the mercy of the Liberal and the Socialist opposition. Disagreements among the Democrats and Hatoyama's frail health make it likely that the government will be a transitional one.

With the election over, the overriding importance to Japan of maintaining good relations with the United States will probably reassert itself. The government is expected to seek a peace treaty with the Soviet Union, Poland, and Czechoslovakia, but to limit its relations with Peiping to an expansion of trade and cultural contacts, probably including an exchange of trade missions. It will adhere to, but seek a reduction in, export controls on shipments to the Orbit.

The gain of 21 seats by the Socialists may encourage the government to take action against the growing threat from the left. While the Socialists now have enough seats to block any constitutional amendment, existing legislation probably can be utilized to control political activity in labor and education, both leftist strongholds.

[Redacted]

2. South Korea may renew agitation to dissolve NNSC:

[Redacted]

The South Korean government indicated it would renew efforts to dissolve the Neutral Nations Supervisory Commission (NNSC).

[Redacted]

Seoul said that "if the commission is not dissolved immediately, the South Korean government will take action in defense of our security."

Stating that South Korea could not permit further Communist obstruction of inspections in North Korea or "Communist spies in the demilitarized zone," [redacted] that Washington be urged to declare the armistice officially ended.

Comment: The NNSC on 1 March was to send mobile teams into several South Korean areas to examine Communist charges of UN truce violations. UN officials point out that most of the installations to be inspected are under exclusive South Korean control and fear that the South Koreans may react violently.

South Korean violence or agitation against the NNSC would probably upset current negotiations begun by Switzerland and Sweden to reduce the number of NNSC personnel and possibly to restrict them to the demilitarized zone.

3. Taipei moves to strengthen defenses in Matsu island group:

[redacted] The Chinese Nationalists are sending a full-strength infantry division to bolster defenses in the Matsu island group, according to a report from General Chase, chief of MAAG on Formosa. The first elements of the new division were due to arrive in the islands on 28 February.

Another move to increase the strength of the Matsus is a shake-up of the present defense command, called "not too strong" by Chase. The gradual evacuation of 11,000 civilians now living on the islands is "probably" included in new defense plans.

Comment: The unit being sent to the Matsus is the American-trained-and-equipped 84th Division. Its arrival will bring more than 11,000 new regular troops to the Matsus, now held by about 4,000 regulars and 1,500 guerrillas. Regular troops now on the Matsus will be redeployed to Quemoy after the 84th Division arrives.

4. Comment on release of American nationals from Communist China:

The release from Communist China on 27 February of two American nationals, after 43 months' imprisonment on espionage charges, may presage the early freeing of some others of the approximately 55 Americans whom Peiping admits holding.

The Chinese Communists were previously reported as seeking means of countering the unfavorable publicity surrounding the case of the 11 American airmen and two civilians sentenced as "spies" last November. The two Americans just freed appear to have been good choices for this purpose. Both have been emphatically pro-Communist in their public statements since their release and in particular defended Chinese Communist behavior toward imprisoned Americans.

SOUTHEAST ASIA

5. Viet Minh utilizing tanks in specialized support division:

The Viet Minh has formed a "Support Division 305" having tanks, artillery, and engineer elements,

The American army attaché comments that the Viet Minh places great emphasis on its wartime experiences, especially at Dien Bien Phu, in the development of tactical doctrine and unit training. The formation of this highly mobile reinforcing division may be a result of these studies.

Comment: The possession of tanks, in clear violation of the Geneva agreement, marks a further step in the Viet Minh's continually improving military capabilities. It

is a logical development in the modernization program of the Viet Minh army which has been pursued vigorously with the help of illicit materiel from China since the cease-fire.

6. General Ely criticizes Sainteny policy:

[redacted] [redacted]

General Ely stated that he was very much afraid that the negotiations conducted by Sainteny are not of such a nature as to inspire a feeling of security among the people whom the Manila pact directly concerns. He added a feeling of security is necessary for economic and social progress.

Comment: General Ely has been critical of Sainteny's policy and has told American officials that he has so informed Paris. [redacted]

Prior to Faure's investiture, a French spokesman stated that any French government would pursue the Sainteny policy. [redacted]

American embassy in Paris that Ely would be replaced as commissioner general before the end of May.

NEAR EAST - AFRICA

7. Saudi bitterness over Iraqi-Turkish pact imperils Dhahran air base agreement:

[redacted]

Ambassador Wadsworth in Jidda believes that Saudi Arabia's bitterness over the conclusion of the Iraqi-Turkish defense pact endangers future Saudi-American relations. He fears that King Saud will soon raise the question of the American air base at Dhahran.

Foreign Minister Faisal told Wadsworth on 23 February that "we have lost confidence in the West," which is destroying Arab unity in the interest of Israel. The Saudi defense minister similarly criticized American policy.

Comment: The Dhahran agreement runs until June 1956 and is subject to renewal. However, Faisal has been quoted as having told the Arab ministers in Cairo that "we can terminate it at any time." The Saudis, in their present mood, may try to carry out this threat, although the treaty does not permit cancellation before June 1956.

8. Comment on the struggle for control of Syria:

The domestic situation in Syria has been deteriorating rapidly. The leftist-tinged Asali government and its conservative foes each suspect the other of planning to stage a military coup with foreign assistance.

Asali's government--which is hostile to Iraq, Britain, and the United States--believes that the Iraqi-Turkish pact is an Iraqi device for effecting a political union with Syria. [redacted]

Syrian conservatives, who tend to favor Iraq, Britain, and the United States, believe that France is helping Shuqayr plan an open seizure of power. [redacted] Syrians have expressed alarm to American officials over the leftist, anti-Western orientation of Syrian foreign minister Azm and his extreme Socialist and Communist supporters.

For the first time since the overthrow of dictator Shishakli a year ago, the atmosphere in Syria has become favorable for a coup from either the left or right. The increasing

involvement of other countries in Syria's internal affairs may hasten such a development.

EASTERN EUROPE

9. Comment on prospects for meeting of foreign ministers of Balkan pact powers:

The nature of the preparations for the Balkan alliance, foreign ministers' meeting which opened in Ankara on 28 February suggests that none of the three participating countries foresees significant results. Various Yugoslav statements that the alliance should not become a tool of "foreign combinations" rule out much progress toward firmer NATO connections.

The Turks have devoted little time to preparations because of their preoccupation with the Turkish-Iraqi pact. The Turkish ambassador in Belgrade thinks that nothing more than a declaration of general principles followed by more negotiations will result from the meeting.

The Yugoslavs appear to be laying the groundwork for blaming Turkey for any lack of progress in the talks. A member of the Yugoslav delegation to Ankara told American officials that the Turks are not pulling their weight and have lost interest in the alliance because of overextension of their interests in the Middle East.

LATE ITEM

10. Comment on Soviet ministerial shake-up:

Radio Moscow announced on 28 February that A. I. Mikoyan, M. Z. Saburov, and M. G. Pervukhin had been promoted from deputy chairmen to first deputy chairmen of the USSR Council of Ministers. The promotion of Mikoyan, one of the most prominent spokesmen for the consumers' goods program, and Saburov, long

believed to be a Malenkov associate, indicates the continuing existence in top Soviet circles of political forces not under Khrushchev's complete control.

The promotion of these men does not, however, shed any light on Malenkov's status and leaves him as the only party presidium member with a government position below that of first deputy premier. It places him below such previously low-ranking presidium members as Pervukhin and Saburov.

Radio Moscow also announced the appointment of four new deputy premiers--A. P. Zavenyagin, V. A. Kucherenko, P. P. Lobanov, and M. V. Khrunichev.

A. P. Zavenyagin, a career MVD official and a onetime deputy minister of the MVD, was also appointed minister of medium machine building, relieving V. A. Malyshev, who apparently retains his position as deputy premier and will supervise a group of ministries in the machine building field. The fact that Zavenyagin is one of the foremost administrators in the Soviet atomic energy program strengthens previous indications that the Ministry of Medium Machine Building probably has responsibility for atomic energy.

V. A. Kucherenko, first deputy chairman of the Moscow city executive committee, has made his career in building construction in the Ukraine and the Moscow area under Khrushchev.

P. P. Lobanov was formerly first deputy chairman of the Council of Ministers of the RSFSR and minister of agriculture of that republic.

M. V. Khrunichev served as USSR minister of the aviation industry from 1945 to 1953, when he became first deputy minister of the armaments industry. In both these posts he worked closely with Bulganin.

This move again emphasizes the importance of Soviet industrial and military preparedness, widens the circle of top leaders, and confirms the continuing influence within this top circle of the industrial and central planning specialists.