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SECURITY INFORMATION

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FAR EAST

1. Chinese MIG's expand role in Korean war:

Chinese Communist aircraft continued to be "exceedingly aggressive" between 27 July and 5 August over Korea, [redacted]

3.3(h)(2)

At least 228

3.3(h)(2)

3.3(h)(2)

Chinese aircraft were noted on the Chinese voice ground-controlled intercept net, and there were many instances of definite contact with UN aircraft.

Comment: Air defense of northwest Korea continues to be primarily a Soviet responsibility, but this increase in Chinese activity and aggressiveness, coupled with a recent expansion of the Chinese early warning coverage of Korea, suggests that the Chinese Communist Air Force is assuming a larger share of aerial combat.

2. Anti-Communist guerrilla warfare taking place in West China: 3.3(h)(2)

[redacted] On 21 July a regiment of Chinese Communist troops supported by nine airplanes attacked and occupied a guerrilla base at Tachaitzu, about 100 miles northwest of Chengtu, in

Szechwan, according to the guerrilla commander there. After taking refuge in the mountains, the guerrillas continued fighting the Communists the next day.

Comment: [redacted]

unusual Chinese

3.3(h)(2)

Communist air and ground activity in the same general area. The amount of supplies which has been air-dropped to the Chinese Communist forces involved in this operation indicates that at least a regiment of troops has been committed there.

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3. Soviet jets pursue B-29 inland over Japan:

[redacted] Far East Command reports that a B-29 on
a surveillance mission over the Sea of Japan [redacted]
[redacted] encountered six Soviet jet air-
craft west of the northern tip of Hokkaido.

3.3(h)(2)

3.3(h)(2)

On reaching the Hokkaido coast two of these planes followed the B-29 [redacted]
inland for a distance of ten miles.

3.3(h)(2)

In an encounter over the Japan Sea on [redacted]
the Soviet aircraft turned back before reaching the Japanese coast [redacted]

3.3(h)(2)

3.3(h)(2)

4. Chinese Nationalists in Burma still receiving outside aid:

[redacted] General Li Mi is still in contact with
Taipei and has recently received arms from
Nationalist authorities there. [redacted]

3.3(h)(2)

[redacted] Thai authorities are involved with the movement be-
tween Thailand and Formosa of Chinese Nationalists who are connected
with Li Mi's operations.

3.3(h)(2)

3.3(h)(2)

Comment: [redacted] Li Mi
still commands the Nationalist troops in Burma and that both Thai and
Formosan authorities are supporting him, despite their denials. Such
support is probably due to the control exercised by Li Mi's forces over
the profitable opium trade in the area.

3.3(h)(2)

The situation suggests that the Nationalist
troops will not voluntarily agree to the plan of repatriation to Formosa
which has recently been proposed by the Burmese Defense Minister.

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NEAR EAST - AFRICA

5. Iranian peasants becoming restive:

[redacted] Unrest in Iran is now spreading to the traditionally apathetic and conservative peasants. The American Embassy has been receiving a growing number of re-

3.3(h)(2)

ports from various sections of the country which feature politically ambitious Mullahs inciting the peasants against landlords. Some of the arguments used by the Mullahs appear to follow the Communist line and to arouse class antagonism rather than to present a constructive approach to the land reform program.

Comment: Mossadeq is sponsoring an agrarian reform program; he is undoubtedly aware of its usefulness as a supplement to the anti-British campaign.

The approach to the peasants, like so many other National Front maneuvers, lends itself to Communist exploitation.

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Comment: Mossadeq has a long-standing desire to eliminate the Shah's influence. At the time of Farouk's abdication, the pro-nationalist press in Tehran called attention to the fate of "kings who played politics."

7. Iran reportedly ready to violate Battle Act:

3.3(h)(2)

[redacted]

Iranian Minister of National Economy Akhavi informed the American Embassy that trade negotiations which included the sale of oil were under way with the USSR, Poland and Czechoslovakia. He thought the Czech delegation was particularly anxious to conclude an agreement and was offering payment in foreign exchange.

When it was pointed out to Akhavi that oil sales to the Orbit conflicted with the Battle Act, he stated that if Iran could get more by selling oil to the Soviet bloc than by accepting American aid it would do business with the Orbit.

Comment: Iranian spokesmen have on other occasions used the threat of selling oil to the Soviet Orbit in an attempt to obtain concessions from the United States.

8. Britain and Egypt agree on presentation of credentials:

3.3(h)(2)

[redacted]

Britain's Ambassador Stevenson will present new credentials to the Egyptian Regency Council, avoiding mention of the King's title, in accordance with an agreement between the Ambassador and Prime Minister Ali Maher. Barring last minute difficulties, the Foreign Office expects Stevenson to present them on 9 or 11 August.

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When Stevenson tried to persuade Ali Maher to extend this procedure to other states, the Prime Minister refused to commit himself.

3.3(h)(2)

EASTERN EUROPE

3.3(h)(2)

9. Hungarian Army General Staff scores lax discipline and desertions:

[redacted] lax discipline in the armed forces had permitted an excessive number of shooting accidents and desertions. The General Staff termed the number of desertions "unendurable," and threatened severe disciplinary action against corps and division commanders who fail to take necessary steps to cope with such situations.

3.3(h)(2)

Comment: [redacted] desertions from the Hungarian Army and security police is increasing, and several messages have referred to suicides.

WESTERN EUROPE

10. Austrian trade contacts may be sought by Russians during Vienna fair:

[redacted] The American Embassy in Vienna believes that the anticipated arrival during the September trade fair of a Soviet delegation headed by Deputy Minister of Foreign Trade Zakharov may be related to recent Austrian proposals for trade talks.

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Comment: Foreign Minister Gruber recently informed the American Embassy that his government has tentatively decided to offer to negotiate a trade agreement with the Soviet Union, since it was under strong pressure from Austrian businessmen, and expected a Soviet initiative. Gruber, while agreeing to postpone an approach until September, urged an American expression of opinion by that time since he anticipated that the issue would "become public this autumn."

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