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SOVIET UNION

1. Soviet military attachés in most Satellites recalled:

The Soviet military attachés assigned to Czechoslovakia, Bulgaria, Rumania, Hungary, and possibly Albania have been recalled in the past two months. According to British and American military attachés in Eastern Europe, their Soviet counterparts paid routine farewell calls announcing their return to Moscow.

No replacements are yet reported to have arrived in the Satellite capitals. In Hungary, a Soviet colonel has been designated acting military attaché.

Comment: All but one of these Soviet attachés, who are highly qualified field commanders with distinguished combat records, arrived at their posts within

the past year and a half. Their recall at this time probably indicates an impending major change in Soviet-Satellite military relations. These attachés may now participate in Soviet-Satellite military planning, possibly leading to the creation of some form of joint East European command.

Such planning activities, already suggested by the reported movements of Satellite leaders early this year, would constitute implementation of the Soviet-Satellite announcement in early December that the rearmament of West Germany would require "joint measures with regard to the organization of (East European) armed forces and command." This was made more specific by Foreign Minister Molotov at the Supreme Soviet on 8 February, when he referred to the necessity of creating a "unified military command" of the USSR and its East European Satellites.

The recall of the attachés at this time may, in addition, be part of a Soviet attempt to convince the West that such measures are imminent.

FAR EAST

2. Comment on North Korean offer to negotiate with Japan:

[Redacted] North Korea's offer on 25 February to negotiate a trade and cultural pact with Japan represents a further Communist effort to woo Japan and to take advantage of the favorable atmosphere created by Prime Minister Hatoyama's campaign theme of promoting Japan-Orbit friendship.

Despite Korean anti-Japanese feelings, North Korea is apparently being forced to fit into the bloc strategy toward Japan. The political nature of this move is further borne out by the fact that North Korea has little export potential.

In reply, the Japanese government has spoken with two voices. Prime Minister Hatoyama has eagerly embraced the offer while the Foreign Ministry has officially rejected it. The latter's view will probably prevail since responsible Japanese officials hope to avoid antagonizing South Korea, with which Japan enjoyed a total trade of \$76,000,000 in 1954. [Redacted]

SOUTHEAST ASIA

3. Premier Diem favors republican form of government for Vietnam:

[Redacted] Premier Diem and his supporters, including most intellectuals, will probably favor a republican form of government for Vietnam, General Collins reports.

Diem is determined not to have Bao Dai or any member of his family return in any official capacity. Diem told Collins that the formation of a constituent assembly could not be delayed much longer than six months, but he appears to be quite naive as to the problems involved in the establishment of a democracy.

He said that his government intended to participate in the pre-election discussions with the Vietminh commencing in July. It appeared to General Collins, however, that Diem and his advisers had given little or no thought to the conducting of these negotiations.

Comment: Although Diem is known to be cool toward Bao Dai's return to Vietnam, he has not previously committed himself on the republic-versus-monarchy question. This issue has remained in abeyance ever since Bao Dai's assumption of the role of chief of state in July 1949.

4. Vietnamese officer describes Viet Minh activity in south:

[redacted]
A Vietnamese army staff officer, after making a survey of five provinces immediately south of Saigon, reports that in two provinces 60 and 70 percent of the population are pro-Viet Minh. In the other three, only 5 to 10 percent of the population are pro-Viet Minh, but the great majority of the remainder are either terrorized into supporting the Communists or are maintaining a neutral attitude.

The source also reports that the Viet Minh is conducting clandestine activity throughout the area and is maintaining an extensive courier service.

Anti-Viet Minh sentiment is largely confined to intellectual and merchant classes. The source said, however, that although government control is being successfully extended in some areas, the future remains uncertain in others.
[redacted]

Comment: Despite the Diem government's gradually increasing stature, the fact that the five provinces referred to--of a total of 19 in South Vietnam--were not considered Viet Minh-controlled prior to the cease-fire indicates the magnitude of the pacification problems with which the government is only beginning to cope.

SOUTH ASIA

5. Afghanistan reported preparing to decide on Soviet aid:

aid.

About 21 March the king of Afghanistan will convene a Loe Jirga--a special assembly--to determine whether the country should continue to accept Soviet

Comment: A Loe Jirga is an assembly of the royal family, government officials, provincial governors, tribal chiefs and religious leaders which is called only rarely in moments of national emergency or extreme importance. Its decision to reject Soviet aid, which seems likely, would be interpreted as a vote of no-confidence in the prime minister. Should Daud resign, his brother, Foreign Minister Naim, who is relatively friendly both toward the West and toward Pakistan, would be most likely to succeed him.

EASTERN EUROPE

6. Yugoslavs reportedly fear USSR may return to Stalinism:

The Yugoslav government is greatly concerned over Molotov's reference to Yugoslav transgressions and deviations in his 8 February speech, which contrasts markedly with Soviet deputy premier Saburov's conciliatory statements in November,

an end to the conciliatory Soviet policy toward Yugoslavia. Belgrade has felt that this policy improved Yugoslavia's economic and political bargaining power with both West and East.

Molotov in his speech also blamed Soviet-Yugoslav differences on Belgrade's "drifting" from the policies it had followed prior to the break in 1948. The Yugoslavs have categorically rejected responsibility for the dispute and have said that "normalization" required changes in Moscow rather than in Belgrade.

WESTERN EUROPE

7. British agree on need for early action on West German sovereignty:

Foreign Secretary Eden agrees that in view of France's continuing inability to take decisive action, the United States and Britain should act independently to restore German sovereignty before 8 May, the tenth anniversary of the armistice in Europe. Chancellor Adenauer has recently warned that the situation in Germany might be out of his control by that date.

The Foreign Office proposes that an "interim commission" of the Western European Union powers be established to deal with Bonn on defense matters, pending ratification of the Paris accords. A top British military official notes that West Germany would still lack a constitutional basis to start rearming.

Comment: French premier Faure is pledged to press for early action on the Paris accords by the French Council of the Republic. Unless the council acts before the Easter recess, the accords will probably be amended and returned to the National Assembly to delay ratification until after the June senatorial elections.

In such an event, the West Germans will expect the United States and Britain to act to "restore" West German sovereignty and make new arrangements for German participation in Western defense.