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SOVIET UNION

1. American Embassy comments on new Soviet Government:

The American Embassy in Moscow believes that the ministerial reorganizations under which Malenkov and Beria are the sources of real power probably were used to displace

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men who were not their close supporters. It points out that the key to stability doubtless lies in the ability of Malenkov and Beria to work together.

The Embassy notes that these leaders now speak in their own right and that Malenkov's latest speeches differ from the one he gave at the 19th Congress. However, his professions of friendly intentions toward the West do not go beyond recent Peace Congress protestations.

The Embassy sees no concrete evidence of a departure from Stalin's world plans.

Comment: There are indications of collaboration at present between Malenkov and Beria, but the former appears to be the dominant figure. Malenkov built his power, as did Stalin, on the control and placement of party personnel, while Beria's influence stems from the police apparatus, which, like other government organizations, is closely controlled by the party.

Malenkov's two speeches since Stalin's death set forth the same attitude toward "peace" and coexistence as his earlier addresses, from 1947 through the 19th Congress speech.

FAR EAST

2. New anti-Yoshida party in Japan reportedly off to poor start:

Ambassador Murphy reports that the initial efforts of the anti-Yoshida forces to form a new conservative political party under Hatoyama

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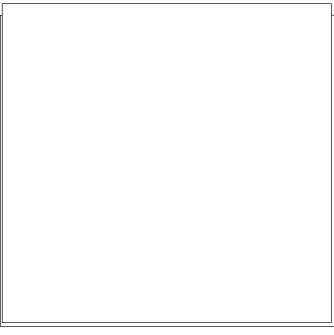
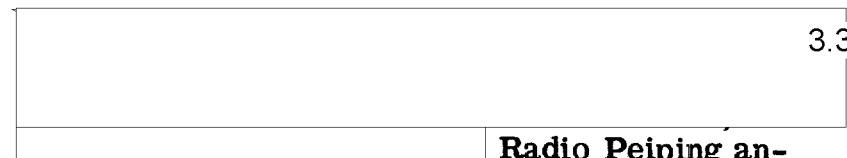
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are less promising than the leaders had anticipated. Of the Liberal Party dissidents, only 37 have joined the new party, while 34 have chosen to remain in the Yoshida camp.

The new party's intention to sponsor only 70 candidates in the April election apparently indicates that the leaders hope to obtain sufficient Progressive and Liberal support for Hatoyama to form a coalition government.

Comment: Ambassador Murphy believes that the Yoshida Liberals and the Socialists may each win approximately 150 of the 466 seats in the House of Representatives. Should this occur, no workable coalition could be formed without the support of Shigemitsu's Progressive Party.

3. USSR replacing looted Manchurian power plant:



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Radio Peiping announced on 13 March the completion of a new thermal power plant, built with Soviet equipment and reportedly the largest in Manchuria.

Comment: These are the first important new power plants to replace Manchurian equipment looted by the Soviet Army in 1945.


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SOUTHEAST ASIA

4. Burmese Premier fears his government losing political support:

Premier Nu told Ambassador Sebald that a serious political crisis threatens Burma's government as a result of the Chinese Nationalist troop issue. Nu said that he and his colleagues were being accused by important supporters of accepting "hush money" in the form of American aid for their acquiescence in the presence of Nationalist troops in Burma. The cabinet feels that drastic measures must be taken to refute such charges.

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Comment: While opposition elements in Burma have been highly vocal in criticizing the government for its failure to solve the Nationalist problem and in linking the United States to such failure, this is the first evidence that the cabinet is under serious fire from its own supporters. Such a development would explain the urgency that the government attaches to solving this problem.

SOUTH ASIA

5. Punjab Chief Minister allegedly supported demonstrations in Pakistan:

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Comment: Daultana, the leading politician in the largest, richest and most populous province of West Pakistan, has seriously embarrassed the Pakistani Government during a period of political and economic crisis. His political prestige decreased materially during 1952, and he has attempted to restore it by seeking

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support from all possible sources. In addition, he has contributed to the Communist-front "peace" campaign.

EASTERN EUROPE

6. Hungarian Army continues rapid expansion:


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Comment: Since 1950, the Hungarian Army has been expanded and reorganized along Soviet lines more rapidly than any other Satellite army.

and would give Hungary a total of 18 divisions--13 line, 1 artillery and 4 antiaircraft.

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WESTERN EUROPE

7. New Communist proposal on German unification expected:

 According to a usually reliable source, East German Premier Grotewohl has prepared a new offer for German unification. The East German legislature is scheduled to meet on 20 March to consider "new steps for the peaceful re-establishment of German unity."

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American officials in Berlin believe that the East Germans will suggest some form of all-German talks. They state that in view of Malenkov's recent speeches, the possibility of new proposals for four-power talks cannot be discounted.

Comment: The East Germans recently invited the West German Socialist Party to send a commission to East Germany to cooperate with the Socialist Unity Party.

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