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SECURITY INFORMATION

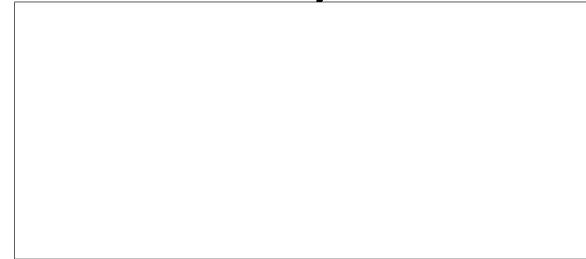
21 June 1953

US OFFICIALS ONLY

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CURRENT INTELLIGENCE BULLETIN



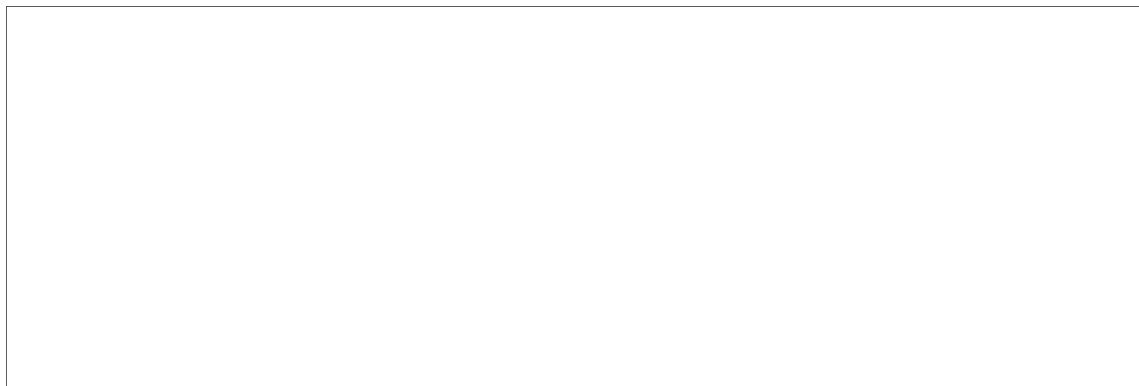
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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



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SOVIET UNION

1. Ambassador Bohlen comments on probable Kremlin reaction to Berlin riots:

Ambassador Bohlen believes that the Berlin riots will forcibly impress on the Soviet leadership the dangers to a dictatorship inherent in a program of relaxation and liberalization, but that, nevertheless, the reforms in East Germany are likely to go forward.

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The ambassador considers that the reforms were motivated primarily by the domestic situation. They stemmed from the realization by the new Soviet rulers that a continuation of intensified socialization there would lead either to economic and political catastrophe or would require methods of open terror which they were unwilling to employ.

Pointing to the fact that in its treatment of the Berlin situation the Orbit press had printed an almost unprecedented admission that a working class could oppose a Communist regime, and to the stress put on the need for greater consideration for the masses, the ambassador suggests that the reforms are likely to continue. Under Stalin, the reverse would have been almost certain.

Comment: The Kremlin's dilemma in the face of the East German situation is deepened by the fact that in the other Satellites no liberalization has been evident. If reform is applied solely in East Germany and the USSR, Satellite discontent is likely to become an increasingly acute problem.

FAR EAST

2. Comment on Communist letter of 20 June on Korean talks:

The Communists in effect have now suggested to the UN Command in Korea two alternative courses of action toward Syngman Rhee, both of which would prove difficult to carry out. They clearly believe themselves to be in a strong position to await developments.

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One course is to conclude a truce which includes South Korea. In this event, the Communists request assurances that the UN Command can and will control Rhee. They further demand the recovery of the released prisoners, who have disappeared among a friendly Korean populace. An effort to recover them would be largely unsuccessful and could lead to bloodshed.

The other alternative is to conclude a truce which excludes South Korea. In this event, the Communists seek assurances that the UN Command can and will implement the armistice agreement despite Rhee's opposition. This course, which the Communists probably prefer, might involve armed conflict between South Korea and other UN forces and would in any case make it difficult or impossible for Rhee to obtain outside support in resisting a later invasion from North Korea.

SOUTHEAST ASIA

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4. Recent developments sharpen Vietnamese fear of French bid to Viet Minh:

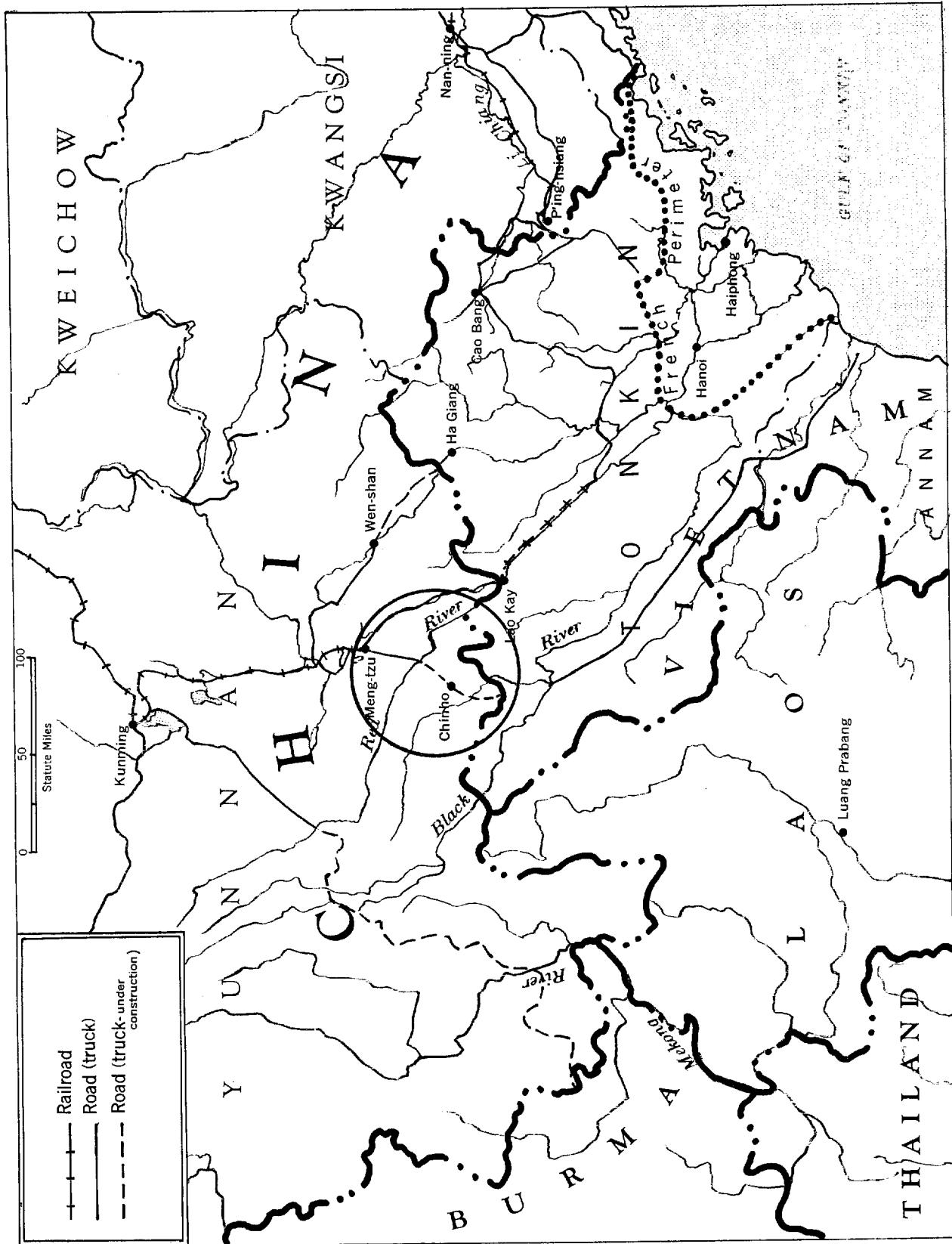
The long-standing fear among Vietnamese leaders that France might attempt to negotiate with the Viet Minh has been heightened by

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Korean developments and the near-investiture as French premier of Mendes-France who had advocated such a course, according to Governor Tri of Tonkin. Tri told the American consul in Hanoi that he and his associates are determined to resist such negotiations at all cost.

Tri inquired what the American position would be if the French should make a bid to the Viet Minh. He was skeptical that, in the case of a certain political combination in France, the United States could exert enough pressure to force the French to remain in Indochina.

NEAR EAST - AFRICA

5. Communists demonstrate impressively in Iran:

The government-sponsored mass demonstrations in Tehran on 19 June included only about 3,000 progovernment participants, but brought forth an independent demonstration by 12,000

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well disciplined Tudeh sympathizers, carrying numerous anti-American banners. Prominent Mossadeq supporters were impressed by the Communist performance and disappointed by their own showing.

Comment: The embassy report contrasts sharply with local radio and press reports which variously refer to 100,000 progovernment demonstrators and to clashes between Tudeh and Mossadeq supporters who would not permit the Communists to join their ranks.

The Tudeh's disciplined exhibition is more impressive and more ominous in implication than mob violence. Although the party is outlawed, it has long been rated by embassy observers as the strongest political group in Iran.

6. Comment on probable postponement of Arab Collective Security Pact meeting:

A postponement of the scheduled 25 June meeting in Cairo to work out details of the Arab Collective Security Pact would highlight Arab disunity and inability to organize the defense of the Middle East.

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Public statements and behind-the-scene maneuvering reveal Arab preoccupation with local problems and widespread suspicion of each other's as well as Western motives. Syrian and Jordanian officials have made it clear that they have other commitments on that date. The Iraqi ambassador in Cairo has predicted postponement. Egypt has urged the meeting, but the proclamation of the Egyptian Republic may divert attention to other problems.

Arab officials show awareness of their inability to erect an effective defense system on the basis of the Collective Security Pact, but are opposed to a Western-sponsored Middle East defense organization. They are primarily interested in an arrangement with the West under which they could obtain considerable amounts of arms and equipment.

7. Conflicts reported between top Egyptian leaders:

A policy clash between General Nagib and Colonel Nasr precipitated the proclamation of the republic on 18 June, [redacted]

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This action came after ten days of struggle between Nagib and the Revolutionary Command Council, which was ready to strip him of his powers.

General Nagib had sought to end military interference with the work of the ministries, whereas powerful Colonel Nasr tried to weaken Nagib and postpone the establishment of the republic. Nagib is left with the presidency but without any direct control of the armed forces and the ministries.

Comment: This is the sharpest manifestation of the long-suspected division in the Revolutionary Command Council, which personal jealousies threaten to accentuate. This split concentrates power in a military clique less inclined than Nagib to moderation in the Anglo-Egyptian dispute.

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WESTERN EUROPE

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9. Further deployment of Soviet troops in East Germany observed:

According to observations on 18 June by members of the British Military Mission in Potsdam, Soviet troops in battle dress, together with light artillery, tanks and armored cars, were stationed around Magdeburg, Halle, Leipzig, Meissen and other unspecified major cities in East Germany. The British officers were not allowed to enter these cities, so that it was not possible to determine whether the Soviet troops had been sent to quell disturbances or merely to surround the cities to prevent possible uprisings.

Comment: This is the first reliable report of the deployment of Soviet troops in East Germany outside of East Berlin in connection with the recent disorders.

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10. Mayor Reuter to renew official demand for all-Berlin elections:

In a meeting with the Allied commandants of West Berlin, Mayor Reuter stated that he felt it necessary to renew an official demand for all-Berlin elections to restore normal life and free circulation throughout the city.

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Comment: Last April, a similar proposal planned by Reuter and Erich Ollenhauer, chairman of the Social Democratic Party, was blocked by the Allied High Commission on the grounds that it might stimulate a Soviet counterproposal on the all-German problem which could be embarrassing to the Allies. This possibility still exists.

The unification of Berlin would have great appeal for West Germans in the light of recent events and would involve far fewer complications than all-German unification. Furthermore, a unified Berlin would presumably remain under four-power control.

11. West German opposition leader reiterates stand against German neutralization:

Erich Ollenhauer, chairman of the opposition Social Democratic Party, has told HICOG officials that while he hopes the Western powers will call a four-power conference at the earliest possible date, his party will oppose a neutralized Germany and insist on fulfillment of the five points laid down by the Bundestag on 10 June.

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On the other hand, Heinrich von Brentano, Christian Democratic leader in the Bundestag, told HICOG that he hoped the Berlin demonstrations would ease the pressure for four-power talks, at least during the German election campaign. He nevertheless endorsed the idea of talks between the four high commissioners to discuss free movement of persons and food supplies into East Germany.

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Comment: The Bundestag's five points include: free all-German elections, establishment of an all-German government, the right of this government to negotiate a peace treaty, the settlement of all boundary questions, and freedom of alliance.