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~~TOP SECRET SECURITY INFORMATION~~**SOVIET UNION****1. New type of Soviet fighter possibly observed:**

Soviet aircraft, believed to be a new type, flying in a landing pattern over Odessa in early June. The planes reportedly were similar to a German rocket-powered research plane developed during the last world war. They had a longer fuselage and more wing sweep-back than a MIG-15. Their engine sound was described as different from that of a jet.

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Comment: It is highly unlikely that the Soviet Union has developed rocket-powered aircraft capable of flying in groups in a landing pattern over a large city. The aircraft may be a new type of Soviet jet fighter, since it is logical that the USSR is continuing experiments in advanced fighter aircraft development.

FAR EAST**2.**

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3. South Korea may use youth corps against Indian troops:

[redacted]

The chairman of the Korean youth corps told American embassy officials on 26 June that, while the South Korean army might not properly oppose the entry of Indian troops by force, the youth corps "could and would." He added that "violent incidents" could be expected.

3.3(h)(2)

The chairman is reported to have said on another occasion, that the corps might use the Indians' own stratagem of "passive resistance" to hamper the work of the repatriation commission.

Comment: In the latest antitruce demonstrations, the predominant theme has been to attack the Indians as "enemies and Communists" who are "selling out their fellow Asians," rather than to oppose the truce in general. Since all antiarmistice campaigns are officially inspired, the youth corps leader's remarks reflect South Korean government policies.

Units of the youth corps, which is a militant strongarm group within President Rhee's Liberal Party, broke into the American embassy compound twice on 26 April to petition against the truce talks.

4. Captured prisoners report Communist plan to invade Tachen Islands:

[redacted]

Prisoners captured by Nationalist troops in recent island battles off the East China coast reported on [redacted] that Chinese Communist forces plan to occupy all of the Nationalist-held islands in the area, [redacted]

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These plans include the seizure of Talushan, Chikushan, and Pishan prior to a six-regiment attack on the Tachens. The prisoners indicated that the Tachen operation would take place within three months of the initial action against Talushan.

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Comment: The intensity of the recent Chinese Communist off-shore island campaign tends to support the statements of these prisoners. At least three combat-trained armies from Korea have been transferred to the East China coast since January.

5. East China unit reportedly equipped with Soviet materiel:



A regiment of the 35th Army which participated 3.3(h)(2) in the May Day parade at Hangchow in East China was equipped with Soviet materiel, according to the Chinese Nationalist Ministry of Defense. The ministry also reported that 10,000 rounds of artillery ammunition and three Soviet cannon were recently shipped from Hangchow to a city on the East China coast.

Comment: This is the first report suggesting that a Chinese Communist army without prior service in Korea has received Soviet equipment. The 35th Army is based at Haimen in Chekiang Province opposite the Nationalist-held Tachen Islands.

NEAR EAST -AFRICA

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WESTERN EUROPE

7. Comment on recent economic concessions in East Germany:

The government decrees of 25 June which ordered the release from the state reserves of large amounts of food, clothing, and other consumer goods represent the greatest concession thus far made in the campaign to improve conditions in East Germany. American officials in Berlin suggest that the consumer items are being released from stocks reserved for the armed forces.

These measures are aimed at removing the primary motivation for revolt by supplying basic needs of an ill-fed and ill-clothed population. If the reforms are directed by a new special commission of non-Communist leaders, [redacted] 3.3(h)(2)

[redacted] some popular support may be generated for these leaders, particularly if they were not previously affiliated with the government.

8. Aggressive strike action seen as a result of Italian elections:

[redacted] The American embassy in Rome believes that a period of "aggressive union action" is imminent, with an all-out strike offensive not unlikely next fall. Commenting on the current step-up in trade union activity, 3.3(h)(2)

it points to policy statements by leaders of the Communist-dominated General Labor Confederation as indicating a readiness to campaign vigorously for a more equitable sharing of the national income and a reduction of military expenditures.

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Officials of the two non-Communist unions have also expressed the opinion that the election results demand a stronger union policy. One of these unions has already obtained the confederation's support for a ten percent increase in basic wages.

Comment: Economic strikes supported by both the Communist and non-Communist unions have generally been successful in the past. The probability that an exclusively Christian Democratic caretaker government will be in charge during the summer will add to the general lack of direction in Italian domestic affairs. Should the succeeding government emerge with a strong right-wing complexion, it would further alienate the moderate left and make prospects for successful strike action more likely.

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