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5 September 1950

SUMMARIES OF TRENDS AND DEVELOPMENTS

USSR

1. Soviet delegate Malik's month as President of the Security Council has ended with no spectacular victories, but the USSR probably considers that its position has been considerably improved during the month. In clearing the hurdle of returning to the UN despite the continued presence of Chinese Nationalists and in broadening SC agenda to include Chinese Communist charges of US aggression, the USSR has regained almost complete maneuverability for obstructing further coalescence of the non-Communist world and for effecting a solution of the Korean issue favorable to themselves whenever desirable.

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2. Rumored disagreement between the USSR and Communist China on military policy regarding Korea and Taiwan appears to be based on unsubstantiated evidence and conflicting reports. Pending a decisive outcome of the Korean conflict, it is increasingly apparent that the USSR, in conjunction with Communist China, intends to pursue a policy designed to intensify Western concern regarding possible use of Chinese Forces in Korea and against Taiwan.

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3. Kurdish nationalist activity, encouraged and promoted by the USSR, has intensified in the last three months, according to unconfirmed reports from various sources. The clandestine Azerbaijan Democratic radio station is urging a militant Kurdish program, but it seems unlikely that the Kurds can take extended effective armed action at this time.

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4. Cominform absorption of Rumanian and Bulgarian goods has resulted in: (1) the almost complete lack of formal commercial and financial agreements between these two countries and those outside the Soviet Orbit; and (2) the use of spot purchases in the West, many of which are made in avoidance of Western export controls. Even if formal trade and payments agreements were signed with the West, it is doubtful that Rumania and Bulgaria could fulfill their commitments or obtain strategic items.

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FINLAND

5. The Finnish Social Democrats' strike offensive is an effort to unseat the Kokkonen Cabinet and to regain an authoritative position in the Finnish Government. Failure to reconcile antagonisms between Social Democrats and the Kekkonen-led Agrarians can benefit only the Communists.

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POLAND

6. Exclusive jurisdiction of Roman Catholic Church over appointments of bishops and clergy has been challenged by Polish Government's indirect refusal to recognize new Coadjutor Bishop of Czestochowa.

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EASTERN EUROPE

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USSR regains maneuverability
by its tactics in SC

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Soviet Delegate Malik's month as President of the Security Council has ended with no spectacular victories, but the USSR probably considers that its position has been considerably improved during the month. In clearing the hurdle of returning to the UN despite the continued presence of Chinese Nationalists and in broadening SC agenda to include Chinese Communist charges of US aggression, the USSR has regained almost complete maneuverability for obstructing further coalescence of the non-Communist world and for effecting a solution of the Korean issue favorable to themselves whenever desirable.

As a result of its return to the Security Council, the USSR succeeded in obstructing all constructive discussion of the Korean issue throughout August, the month during which the North Koreans were probably scheduled to complete their conquest of South Korea. The USSR's return to the Security Council, however, could not undo the important Security Council resolutions of June 25 and 27 and further important Security Council action on the question (whether or not Malik is present) is unlikely until North Korean forces are no longer able to maintain the offensive.

By broadening the Security Council agenda to include the Chinese Communist charge of US aggression against Formosa, the USSR not only succeeded in confusing the issue of Communist aggression in Korea but probably hoped to have gained a potential bargaining instrument for a future solution of the Korean issue favorable to the USSR. While the August

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Soviet attempts to seat the Chinese Communists in the SC failed, the USSR has paved the way for the future hearing of a Chinese delegation in the Security Council when the Formosan issue is discussed.

Propagandistically, however, the Soviet actions in the Security Council were less successful. By repeatedly making immoderate speeches, patently labeled for an Asian audience, and by reading into the Security Council record numerous communications from the North Koreans, Chinese Communists, and European Soviet Satellites charging the US with aggressive designs and inhuman acts, Soviet Delegate Malik endeavored to substantiate the Soviet campaign of vilification against the US. His obstructionist tactics and intemperate speeches, however, not only damaged Soviet prestige among Asian nations which prefer to keep themselves apart from the East-West conflict, but also revealed even more clearly the aggressive designs of the USSR. Likewise, Soviet propaganda attacks on the US, which were initially successful in Asia, were blunted not only by effective US-UK replies but also by the willing adherence of the US to the inclusion, on the Security Council agenda, of the Chinese Communist complaints of US aggression.

The tactics of the USSR during August, combined with its decision to remain in the Security Council, suggests that the past month has been largely one of preparation on the part of the USSR. Having broadened the Security Council agenda to include Chinese Communist complaints of US aggression, the Soviet Union probably hopes to score important propaganda victories, particularly in Asia, during the discussion of these complaints. In addition it may hope to employ these charges as a bargaining instrument in order to obtain a satisfactory solution of the Korean issue whenever UN forces are capable of driving back the North Koreans. (SECRET)

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Rumor of disagreement between the USSR
and Communist China on military policy

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Rumored disagreement between the USSR and Communist China on military policy regarding Korea and Taiwan appears to be based on unsubstantiated evidence and conflicting reports. It is variously reported that the USSR has: (1) Urged a Taiwan attack as soon as possible despite Chinese Communist opposition; (2) opposed a Taiwan invasion on grounds that Indochina and Korean ventures would be more harmful to the US; (3) stated that a Taiwan invasion is unnecessary because objectives can be achieved by political means; (4) insisted on Chinese Communist participation in Korea despite opposition from Peiping.

While the USSR may have emphasized the Chinese issue in the UN to mollify possible Chinese Communist frustration created by the initiation of hostilities in Korea, which delayed the Taiwan invasion, there is no reliable indication that the possible disruption of the Taiwan timetable has created a rift in Sino-Soviet relations.

Pending a decisive outcome of the Korean conflict, it is increasingly apparent that the USSR, in conjunction with Communist China, intends to pursue a policy based on exploiting Western concern over possible use of Chinese Communist Forces in Korea and against Taiwan. Basically this policy may be designed to enhance the military character of Communist movements throughout Asia, and specifically, to vaunt the balance of power exerted by Red China. Thus, widespread Soviet-Satellite support of intensified Chinese Communist charges of "border violations" and provocative acts against China suggest that this line is primarily a propaganda offensive to intensify doubt on the part of non-Communist powers regarding Chinese intentions.

Unconfirmed reports of a recent military agreement between the USSR and Communist China, including delineation of spheres of respective military operations, may also reflect

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the Soviet-directed war of nerves. By such means the USSR probably hopes to gain (1) a settlement in Korea and (2) an agreement on Communist China representation in the UN. A step in this direction was evident in the Soviet maneuver to add the Chinese Communist complaint of US "aggression" against Taiwan to the Security Council agenda, thereby opening the door for Chinese Communist participation in UN hearings. (SECRET)

Soviet activity among Kurds reportedly increasing

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Kurdish nationalist activity, encouraged and promoted by the USSR, has been intensified in the last three months, according to unconfirmed reports from various sources. Soviet agents are again rumored to be stirring up the Kurds to form an independent state. Mullah Mustafa Barzani, the exiled Iraqi Kurd leader, reportedly went to Moscow for consultations and then to Beirut where he is said to have contacted several Kurdish Syrian army officers. Some Iranian Kurds have likewise been reported in Beirut, consulting with Soviet Legation officials. In addition, Damascus Kurds are said to be recruiting volunteers for partisan forces to fight for an independent Kurdistan, while Communist Kurds are reliably reported to be purchasing arms in Iraq.

While these reports are difficult, if not impossible, to confirm, it is known that the Azerbaijan Democratic radio station, broadcasting clandestinely from the USSR, is urging a militant Kurdish program. It has announced that partisan forces have been formed and are already in action as part of the "armed revolution of the Kurdish nation," but this is not confirmed by Iranian sources. The idea of a united and independent Kurdistan has been stressed and members of the "Democratic Party of Kurdistan" have been warned "to be prepared for a brave campaign against against the imperialists."

The USSR has long encouraged Kurdish nationalism, as part of its general policy of promoting unrest in the Near East. Propaganda has been used extensively,* but it is not known

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how effectively. Kurdish agents are being trained at Nakhichevan, in the USSR near the Turko-Iranian border, and apparently they visit the Kurdish tribes of Iran, Iraq, and Syria without difficulty. The presence in the Soviet Union of Mullah Mustafa with about 500-700 Barzani Kurds has periodically given rise to reports that he was about to descend in force on Iran or Iraq, with Soviet aid and assistance. While there may be increasing discontent and danger of disorder in Kurdistan, it seems unlikely that the Kurds can take extended effective action against the armed forces of Iran or Iraq without direct Soviet involvement, a contingency which the USSR probably desires to avoid at this time. A Kurdish uprising, even though unsuccessful and not supported by the Soviet Union, would intensify uneasiness in the Near East and would constitute a drain on the already unstable Iranian, and possibly also on the Iraqi economy. (SECRET)

- * The recent increase in Kurdish propaganda received by the US from the USSR reflects the initiation of regular US monitoring service rather than an increase in actual volume of propaganda.

EASTERN EUROPEGENERALCominform manipulates commercial and financial position of Rumania and Bulgaria

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Cominform absorption of Rumanian and Bulgarian goods has resulted in: (1) the almost complete lack of formal commercial and financial agreements between these two countries and those outside the Soviet Orbit; and (2) the use of spot purchases in the West, many of which are made in avoidance of Western export controls. Even if formal trade and payments agreements were signed with the West, it is doubtful that Rumania

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and Bulgaria could fulfill their commitments or obtain strategic items. During 1950 both countries have apparently virtually abandoned signing formal trade and payment agreements, and have failed to implement valid past commitments with non-Cominform countries.

The use of the spot purchase technique instead of formal commercial agreements has been quite successful in avoiding export controls. Rumania has been obtaining many types of equipment used in the petroleum industry, as well as bearings, vehicles, and other controlled goods. Similarly goods required by Bulgaria to meet planned industrialization, especially transport equipment, are on the Western banned export list, but are still being obtained from the West. Moreover, both of these Cominform nations have made direct and clandestine purchases of military goods from the Western sources.

The comparative rapidity of concluding spot purchases and the low volume of such trade with the West permits these transactions to go unnoticed by Western officials. Presumably the Soviet Orbit will make available those products most needed to help fulfill economic plans for industrialization and the Soviet Union will supply some hard currencies for spot purchases when the Cominform Orbit is unable to supply requirements of these Satellites. (SECRET)

FINLANDSocial Democrats' wage offensive
threatens Kekkonen Government

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A political tug of war between the Social Democrats and the Agrarian-led Government is now in progress in Finland. The Social Democrats' wage offensive, which is also a product of Finland's chronic price-wage spiral, has completely halted production in the important reparations-producing metals industry. Work stoppages are also expected in the wood industry, which furnishes reparations material, as well

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as the exports which make up 90 percent of Finland's vital foreign trade. At the moment, however, Finland is ahead on its reparations deliveries of machine products. The glass and porcelain workers and the food industry workers (Communist) have been authorized by SAK to issue strike warnings for 14 September if negotiations break down. The Communist-controlled leather, shoe, and rubber workers union has applied for, but has not yet received, similar permission. If the pension demands of the civil servants, including those of the State Railroad locomotive engineers (which have been hanging fire for four years) are not met, they, too, can be expected to strike. The agricultural workers also have unsettled wage grievances.

Thus far the metal workers strike, involving some 60,000 workers, has been unusually orderly, but Kekkonen may soon be faced with a situation completely beyond the control of his centrist Government. It appears that it is just such a situation the Social Democrats are preparing in order to demonstrate their indispensability to any Finnish government. Fagerholm clearly intends the price of labor peace in Finland to be Social Democratic participation in the Government, presumably on his terms, which would exclude the participation of the Communists. While the Agrarian Party has also been opposed to admitting the Communists, Kekkonen owes what prestige he has at the moment to Moscow's willingness to conclude a trade agreement with his Government. In addition, his record of small gestures of appeasement to retain Moscow's favor makes it likely that he will insist on including the Communist-led Democratic Union in some posts in a new coalition Cabinet.

If the wage disputes cannot be settled, and the threatened strikes materialize, the fall of the present Cabinet seems inevitable. There will then follow that long period of negotiation among the parties which has come to characterize the formation of post-war Finnish Governments. The Soviet propaganda campaign against the Social Democrats, which has recently been reinvigorated, will have little effect on the Social Democrats, but the Agrarians may be influenced by Soviet adjurations. The USSR has made it quite clear that it would not be pleased to see the Social Democrats back in the Cabinet.

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Another political battle between Kekkonen and Fagerholm, involving rural and urban interests, appears inevitable. Whether the Social Democrats and the Agrarians can reconcile their differences in the interests of strengthening Finland's internal stability is an open question, but it is certain that only the Communists will profit from their failure to do so. (SECRET)

New issue in Polish Church-State struggle foreshadowed

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An area of Church authority thus far untouched by the Polish Government has been its exclusive jurisdiction over appointments of bishops and clergy. A recent incident involving the Vatican's appointment of the Superior General of the Pallotine Order, resident in Rome, to the post of Coadjutor Bishop of Czestochowa, has now indirectly raised the issue of ultimate authority in this field. The Superior General, appointed to his new post while on an inspection tour of his order's religious houses in Poland, was not permitted to remain in the country to assume his duties as bishop, on the ground that his temporary visa had been issued for another purpose.

The Government may present its action as a purely legal one, or may attempt to justify it on the basis of the appointee's eleven years' residence outside Poland. It is probable, however, that the Communists reasonably interpreted the appointment as a Vatican effort to strengthen the Church's forces by the addition of a relatively young and spiritually confident bishop. They were quick, therefore, to forestall it. The appointment of a Suffragan Bishop of Plock, which went unopposed by the State in early July, was also apparently intended to infuse new blood into a hierarchy whose resistance has been slowly sapped by the war and by the present Government's erosive tactics.

If the Vatican presses this recent appointment, it seems likely that the State will bring matters to a head, since

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control over Church appointments is essential to the Government's program for bringing the Church under its suzerainty.
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