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FAR EAST/PACIFIC DIVISION

INTELLIGENCE HIGHLIGHTS NO. 94  
29 MARCH to 4 APRIL 1950

SECTION I. SUMMARY OF FAR EAST TRENDS AND DEVELOPMENTS

Korea's President Rhee has put off the general elections scheduled for May, ostensibly in order to force Assembly action on the 1950 budget, but possibly through fear of a loss of power (p. 2).

China's winter famine is now at its crest and several million deaths are expected before spring and summer crops end the crisis (p. 3). Meanwhile, conditions of unrest in South China, although generally exaggerated, appear to present something of a problem to the Communist regime (p. 3).

Conflict within Vietnamese ranks for the honor of being most disagreeable to the French is presently troubling the shaky Bao Dai regime (p. 4).

The Burmese Communists have ousted their dissident allies and set up a "pure" administration at Prome where, if they are untroubled by the Burmese Government, they may be able to entrench themselves (p. 5).

East Indonesians have threatened to oppose the movement of USI troops into their area by force (p. 6).

Huk guerrillas celebrated their eighth anniversary of Philippine operations by a series of raids in Central Luzon--one of them on the outskirts of Manila (p. 6).

NEWS NOTES

Japanese "economy" budget squeaks through.. [redacted]  
..Korea's Premier resigns.. [redacted] ..Shanghai evacuees...Bangkok flag-showing cancelled...Peiping offers to recognize USI  
...Australian labor reaction to strike ban.

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The marginal notations used in succeeding sections of this weekly ("A", "B", or "C") indicate the importance of the items in D/FE opinion with "A" representing the most important.

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## SECTION II. DEVELOPMENTS IN SPECIFIED AREAS

### KOREA

Elections postponed—On 31 March President Rhee notified the Korean National Assembly of his intention to postpone the coming general elections from May to November. Since the Korean Election Law (recently passed by the Assembly but not yet signed by the President) calls for elections within 20 days of the expiration of the present Assembly's term at the end of May, legal postponement of the elections could only be accomplished by a Constitutional amendment. President Rhee, however, speaks vaguely of "promulgating the Election Law, but using my veto right on the date of the election."

"B"

The ostensible reason for Rhee's action, which, in effect, extends the present Assembly's term in office, is to force early Assembly action on the Government's proposed 1950 budget, which was presented for Assembly approval on 27 March and was to go into effect on 1 April. Assembly members, besides being anxious to recess for electioneering purposes, were in no mood to accept the proposed budget without careful study. Faced with this hostile reaction, Rhee informed the Assembly that he had no choice but to postpone the elections so that full time could be given to the urgent matter of budget passage.

Rhee's attempt to force action on the "balanced" budget -- framed with US advice -- may spring from a new Government awareness of the critical nature of Korea's inflationary problem. A strong letter from ECA Administrator Hoffman to Prime Minister LEE Bum Suk points out that such a balanced budget is a necessary first step in attacking inflation. Thus, if Rhee's action is a threat to induce quick Assembly approval, and if the budget is passed this week, Rhee may permit the elections to proceed as originally scheduled.

There is reason to believe, however, that Rhee is using the budget as an excuse to continue the terms in office of many pro-Rhee Assembly members who do not feel confident of re-election in May. Should Rhee stand firm on postponement of the elections, the move will further widen the split between the Government and the strong opposition Democratic-Nationalist Party, which hopes to win a large majority in the next election. Postponement would also undermine the confidence of the Korean people in the sincerity of the Rhee government and the end result would be both an acceleration of the present trend toward authoritarianism and an increase in opportunities for the Communists.

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CHINA

Famine report--A summary of evidence regarding the present Chinese famine proves it to be a human disaster of major proportions. As early as December 1949, the Peiping regime reported that 8 or 9 million people had "nearly or quite exhausted their food stores". By February 1950, the number of people in a "distressed situation", as totalled from Communist press reports, was some 40 million. While the total number of deaths from starvation and related causes expected before the June harvests cannot be estimated with any precision, it will probably total several millions. The areas of greatest distress are in the North China coastal plains, between Peiping and the Yangtze River. All of Manchuria and China, except the western provinces, however, suffered below-average harvests in 1949. "B"

Most famine distress has been confined to rural areas. The Communists, as anticipated, have managed to keep the large cities in East and North China supplied with food, both by dumping grain on the urban markets and by providing Communist organizations, workers, educational, and certain other groups with food rations.

The famine has now attained its peak. Harvests of winter crops -- primarily barley and wheat -- will bring relief at the end of May in the Yangtze Valley area and June in North China. Meanwhile, other factors will begin to bring some measure of relief even earlier. The harvest of early May vegetables, although short on calories, will nevertheless take the edge off the famine, while the coming of warm weather will reduce the need for as large a caloric intake as during the winter months.

Peiping's reaction to the famine has been realistic for the most part. The Communists have exhorted both populace and officials to tighten their belts and work the crops, and have claimed that an active and partially successful campaign of famine relief is being carried out on all levels of government. Although there has been a tendency in some official statements to minimize the degree of distress, or at least to aggrandize Communist relief successes, local Communist press reports have continued to paint a black picture of disaster and starvation.

Communist difficulties in South China--Recent reports that South China is in a state of chaos and that the Chinese Communists are preparing to abandon the area, are considered grossly exaggerated. Bandit, guerrilla and popular resistance to the new regime, however, appear to be widespread. Moreover, there are indications that a decision has been taken to decentralize the Communist South China administration by moving "B"

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certain governmental functions from Canton to Kukong, some hundred miles to the north, perhaps due to a fear of continued Nationalist air raids or anti-Communist guerrilla activity in the Canton area.

The economic disruption of South China, meanwhile, is a well-established fact.

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Indeed, the Communists have been conspicuously unsuccessful in developing local enthusiasm for either their Victory Bond drive or the drive for conversion of Hong Kong currency. Continuing military operations in the area, moreover, have resulted in the levying of oppressive Communist taxes on both rural and urban populations at a time when local food supplies are some ten percent below average.

Popular antagonism to the Communists in South China has arisen both from such economic deficiencies as these and from the assorted oppressions of the new regime, which is both distraught and, at the lower levels, rather incompetent. The next rice harvest in June and July will ease the local food situation, but the effects of the Nationalist blockade and of the maintenance of an unwieldy military machine will continue until Hainan and Taiwan are taken. Thus, while the Communists are capable of keeping control over South China by military means, in the immediate future the South China outlook is one of continuing economic and political unrest, with the possibility that the Communist program of land reform and political consolidation will have to be indefinitely deferred.

#### INDOCHINA

Cabinet crisis in Vietnam--Street rioting and press attacks, together with the resignation of the Minister of Defense and two under-secretaries from Premier Nguyen Phan Long's cabinet during the past week, have weakened the Bao Dai regime's shaky structure. Meanwhile, Vietnamese leaders have attempted to surpass each other both in insisting that US assistance be given directly to the Bao Dai government and in clamoring for further concessions from the French.

"B"

Although Premier Long, himself, has strongly urged that Vietnam-US discussions looking to military and economic aid be conducted free from French interference and has attributed the most sordid motives to French policy, he has been vigorously attacked by elements of the Vietnamese press which support Bao Dai but oppose Long personally, one leading newspaper accusing him of "lack of courage" in the face of French procrastination and of alliance with disreputable persons.

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Similar accusations against Long were registered by the former Minister of Defense, Phan Huy Quat, in his letter of resignation. Both Quat and Governor Tri, of North Vietnam, have characterized the 8 March Accords with France as "outdated", and Tri has stated that he considers these agreements (which form the basis of present Franco-Vietnamese relations) were forced on the Vietnamese and are therefore not valid. Tri, Quat, and other opponents of Long are members of the Dai Viet, a nationalist party with headquarters in the north, a fact which suggests that partisan as well as nationalistic considerations may be stimulating current Vietnamese rivalry for the title of "hardest man on the French".

Premier Long has hinted that the recent resignations were instigated by the French in order to destroy him politically, and that the French have been putting pressure on Bao Dai to effect his removal. A special trip by High Commissioner Pignon to Bao Dai's mountain hunting retreat, together with French maneuvering to bring about larger Catholic representation in the cabinet (lay leader Ngo Dinh Diem has long been favored by some French officials as eventual Prime Minister) tend to bear out this contention.

#### BURMA

Communist coup in Burma—The recent successful coup by the Burma Communist Party (BCP) which ended its partnership with the left-wing dissident People's Volunteer Organization (PVO), has resulted in the establishment of a purely Communist "Government" at Promé in central Burma. BCP Secretary-General, Thakin Than Tun, has been installed as "Premier". The Communist action may have been designed to forestall a counter-coup by PVO leaders, who had been growing increasingly resentful of both the BCP's domineering attitude and its subservience to Chinese Communist influence..It is quite possible, however, that the move derived from a BCP desire to qualify for international Communist assistance by establishing that "base of operations" specified by Soviet and Chinese Communist theoreticians as essential for ultimate "liberation". In any case, the Communists have now seized the administrative machinery of the People's Democratic Front, the organization within which they were allied with the PVO, and probably have assumed control over a large part of the territory formally administered by this coalition. By arresting "unreliable" PVO leaders and ridding themselves of many independent-minded PVO followers, moreover, the Communists may have hoped to develop a smaller, but more effective political and military organization, capable of gradually expanding its authority in a manner modeled after the Chinese Communists.

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All things considered, however, the BCP is still deemed incapable of overthrowing the existing Burmese Government. In fact, the Communists have probably weakened themselves, at least temporarily, by alienating their PVO sympathizers. Nevertheless, the BCP is the logical recipient of any international Communist assistance, and there are strong indications that the Communists are anticipating such aid from China. If left unmolested by the Burmese Government during the approaching monsoons, the BCP, probably could consolidate the area it now controls and develop a position which would be difficult to destroy -- especially if international aid were forthcoming.

#### INDONESIA

Unitary state move meets resistance--The campaign by the principal Indonesian state, the former Republic of Indonesia, to transform the federated USI into a unitary nation (by absorbing all other constituent units) is meeting vigorous resistance in the important state of East Indonesia, where many officials feel that immediate and forceful absorption by the Republic would mean domination by the Javanese, who differ ethnically and culturally from the East Indonesians, and the breakdown of present conservative traditions. "B"

A recent USI announcement of plans to send troops to East Indonesia has been viewed with great alarm, since, in instances where other states have been absorbed, the groundwork was prepared mainly by USI Army units who are sympathetic toward the unitary movement. East Indonesian President Sukawati and his subordinates immediately stated that they would resist the move with force and, by implication, threatened to use the 1,000 state police under East Indonesian control for this purpose, as well as the 9,000 Dutch colonial troops (KNIL) who have not yet been integrated with the USI forces. Although a USI-Republic-East Indonesian conference has been scheduled for 8 April to settle the problem, the USI order dispatching the troops to East Indonesia has not yet been cancelled, and the East Indonesian's threat of armed opposition to the move has not been retracted.

#### PHILIPPINES

Huk violence--The Philippine Government has alerted all law-enforcing agencies and placed the island of Luzon under military control as a result of Huk violence which engulfed central Luzon provinces during the past week. In a series of well-coordinated raids launched on 29 March, purportedly to commemorate the eighth anniversary of the Huk movement, guerrilla bands swept through central Luzon villages seizing arms and food supplies. At latest report, the death totalled "A"

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68, scores were wounded and several villages were left in ruins. The Philippine Armed Forces, placed in complete control of Luzon on Saturday, have not yet reported contact with the Huks. Meanwhile, Army and Constabulary forces are manning guard posts outside the capital city of Manila while suburban and the city police are checking all travelers and traffic.

The recent Huk forays were accompanied by Philippine Communist propaganda inviting "every possible aid to the People's Liberation Army [Huks] and other liberation forces." Propaganda leaflets attacked the US and the Philippine Government as a puppet of American imperialism.

The recent Huk attacks were apparently timed to take advantage of confusion in the Philippine Armed Forces resulting from current reorganization plans to separate police and military functions. The military reorganization, which was to precede a coordinated anti-Huk offensive, has apparently been halted temporarily by the Huk violence -- a move which may well favor the dissidents who were able to replenish their supplies in preparation for sustained resistance. The Huk raids probably also had an unfavorable psychological effect on the local populace by further reducing confidence in the Government's strength. The well organized outbreak indicates that Communist leadership of the dissidents is becoming more effective and the daring of the raids -- one of which took place at the outskirts of Manila itself -- suggests that the Huks are fully aware of the Government's ineffective security measures.

#### NEWS NOTES

The Upper House of the Japanese Diet finally passed the 1950-1 budget on 3 April after lengthy debate. The margin of passage (9 votes) represented the YOSHIDA Government's narrowest squeak in two years. Despite SCAP insistence that the budget follow the disinflationary policy of the Dodge program, Diet opponents claimed that the measure was forcing undue hardship upon labor and upon small enterprises. Passage virtually closes the door on efforts by the Democratization League to effect increases in the basic wage level, and will weaken the efforts of moderate trade union leadership to prevent a resumption of Communist influence in the labor movement.

The President of Tokyo University, NAMBARA Shigeru, whose political viewpoint is reputedly conservative but whose interests have been largely limited to the academic field, sounded a sour note on the subject of a peace treaty for Japan in a graduation address on

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28 March. Advocating world-wide repudiation of war, free access to all raw materials and humanistic revolution to solve the cold war, NAMBARA spoke of the dangers of a separate peace for Japan and asserted: "As to entering into military alliance with any power or powers or leasing of military bases on our soil, such action is tantamount to plunging the whole world into war."

Korean Prime Minister LEE Bum Suk has resigned at President Rhee's request. Rhee plans to nominate LEE Yoon Yung for the post and has stated that he intends to replace the present Ministers of Education, Transportation, and Finance as well. LEE Yoon Yung, Rhee's original choice of Prime Minister in 1948, was rejected by the Assembly at that time. LEE's confirmation at this time is doubtful and Rhee's next choice may be SIN Sungmo, present Defense Minister. The Cabinet shuffle appears to be a Rhee move to eliminate Democratic-Nationalist representation in his administration — a further indication that his move to postpone elections stems from a fear that the Democratic-Nationalists would roll up a substantial majority and thus threaten his control.



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The US evacuation of Shanghai may yet be conducted through Tientsin or Canton. Reports indicate that the Communists have decided to lift the ban on train travel by foreigners, an action which would permit Shanghailanders to exit from other mainland cities. Meanwhile, the "General Gordon" has continued on to Honolulu, and negotiations for a surface evacuation from Shanghai, via Alacrity Anchorage transshipment, continue. The US Manila Liaison Group has been charged with the project of securing evacuation ships



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The US naval air demonstration over Bangkok on Coronation Day has been cancelled at the request of Thai Prime Minister Phibul and the former Regent, Prince Rangsit. Reasons: (1) a foreign aerial demonstration at an essentially religious ceremony lacks propriety; (2) in view of the tense situation in Southeast Asia, the flight might be misunderstood. Thai apprehensions on this score may have been aroused by the recent hostile demonstrations during the visit of two US destroyers to neighboring Saigon.

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The "People's Republic of China" has notified the United States of Indonesia by letter that it is now ready to open diplomatic relations with Indonesia, according to a Dutch press announcement from Djakarta. The same source reports that USI Premier Hatta stated that the Indonesian Government is also ready to establish relations with Communist China.

Leftist Australian labor reaction to the Government's strong action against the Communist-led Brisbane waterside strike has not been uniformly favorable. A mass meeting of the Brisbane dockers themselves on 29 March confirmed the decision of their union leaders to call off the rolling strike and submit their claims to arbitration. However, the dockers demanded settlement of their dispute within a month and resolved that if their claims were not met by 29 April, they would resume the strike action. In New South Wales, meanwhile, where Communists are particularly strong in the miners' unions, seven coal mines reportedly ceased operations on 28 March as a protest against the Government's Brisbane action. Moderate labor groups, thusfar, have made little comment on the Government's action.

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