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21 January 1955

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Copy No. 30

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SITUATION SUMMARY

Document No. <u>3</u>
No Change In Class. <input checked="" type="checkbox"/>
<input type="checkbox"/> Declassified
Class. Changed To: TS S C
Auth.: HR 70-2
Date: <u>3 July 78</u> By: [Redacted]

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[Redacted]

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DIA Review Completed.

Office of Current Intelligence

Reviewed by DOE.

CENTRAL INTELLIGENCE AGENCY

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[Redacted]

State Department review completed

TOP SECRET

C O N T E N T S

	Page
<u>China</u>	1
Offshore islands	
<u>Indochina</u>	2
Possible intensification of fighting in northern Laos	
	25X6
<u>General</u>	3 25X1
Increased petroleum exports from Soviet Bloc	
<u>East Germany</u>	5
Further security measures	
<u>Poland</u>	5 25X1
Reported release of political prisoners	
<u>USSR</u>	8
Campaign against West German rearmament	
Atom offer	
Possible strains in Soviet "collective leadership"	
Clarification of line on heavy industrial development	
	25X1
<u>Brazil</u>	11
Communist activities	
	25X1

China

Offshore islands /Refer to map on next page./: On 18 January, in a well-coordinated amphibious operation, Chinese Communist forces estimated at a reinforced regiment and two battalions captured Ichiang, garrisoned by 1,000 Nationalist guerrillas. This operation was preceded by air attacks against Ichiang and the Tachens and by a concentrated barrage from Communist-held Toumen Island and from naval vessels.

The Communists are expected to follow their capture of the island with further assaults on the Tachen group. The loss of Ichiang, the Communist ability to cut Nationalist supply lines, and the withdrawal of the Nationalist Navy to Nanchishan, have materially increased the vulnerability of all islands in the group. The Nationalist Navy is now planning to supply the Tachens during hours of darkness, using LSM's. Communist artillery fire from Ichiang could reach both Upper and Lower Tachen and could be used to bring added pressure against Nationalist supply efforts and to support a Communist assault on the Tachens.

On 19 January newly-emplaced artillery on two nearby islets reportedly was firing on the Tachens. Continued Chinese Communist air assaults, in conjunction with artillery fire from neighboring islands, will make Nationalist resupply operations extremely difficult, and the Tachens may become untenable.

Communist intentions to attack other islands in the vicinity of the Tachens in the near future are indicated by the presence of Communist ships near Pishan and Yushan (respectively, about 35 miles southwest and 35 miles northwest of the Tachens). Pishan, held by about 1,500 Nationalist guerrillas, was shelled by Communist artillery and naval craft on 18 January. Either or both of these islands could easily be captured by the Communists.

The Nationalist Defense Ministry believes that military operations near the Quemoy's will soon be intensified in order to divert Nationalist forces from the Tachen area.

25X1

21 January 1955

Page Denied

Indochina

Possible intensification of fighting in northern Laos: The Laotian Government's planned response to current Pathet Lao attacks in Sam Neua Province could result in the outbreak of intensified hostilities in northern Laos, according to the US Legation in Vientiane. The Laotian Minister of Defense is dispatching several battalions to Sam Neua's southern boundary, with the intention of advancing into the province in the event of further attacks. The Minister informed the Legation that government forces now in the province are outnumbered about six to one by Pathet Lao troops.

Sporadic Pathet Lao attacks have occurred over the past several months in the two northern provinces. The present attacks in Sam Neua Province began on 13 January and are reported to involve more than 1,200 Pathet Lao troops. They represent the Communists' strongest effort to date to prevent the consolidation of royal government control in the north.

The Legation comments that one favorable effect of these attacks is that they have apparently dissipated some dangerous illusions entertained by Laotian government officials regarding the Pathet Lao.

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General

Increased petroleum exports from Soviet Bloc: During 1954, the Soviet Bloc--including the Eastern Zone of Austria--exported nearly 6,000,000 metric tons of petroleum and petroleum products to non-Communist countries, more than twice the level of such exports in 1953. Most of the increase was in deliveries from the Soviet Union which totaled almost 2,700,000 tons in 1954 compared to 500,000 tons in 1953. Moreover, the volume of petroleum commitments in trade agreements already concluded with Western countries suggests a further substantial expansion in exports this year.

These larger petroleum shipments reflect an effort to expand total exports in order to pay for increased imports from non-Communist countries. Because of a drastic reduction in traditional grain exports to the West in 1953 and 1954, the Soviet Bloc has had to rely to an increasing extent on deliveries of petroleum and precious metals to support its trade expansion program.

At present levels, shipments to the West of petroleum and petroleum products represent about eight per cent of total Bloc production but less than three per cent of world petroleum trade. The Bloc has become a leading supplier, however, to a few non-Communist countries, including Finland, Iceland, and Egypt.

25X1

21 January 1955

Page Denied

East Germany

Further security measures: In the past week, East German authorities have intensified controls at 14 major crossing points between East and West Berlin and at elevated train stations. All identification documents and baggage, as well as vehicles, are now being checked thoroughly except during rush hours, when spot checking is employed. The customs and police guards on the borders are being augmented by military, security, and civilian personnel, including large numbers of "volunteers."

Additional security measures reportedly have been instituted recently along East Germany's borders with Czechoslovakia and Poland. [redacted]

25X1

[redacted] the construction of barbed-wire entanglements was continuing on the Czech frontier in the vicinity of Varnsdorf and Jirikov, while an unconfirmed West German press report states that both sides of the German-Polish border have been declared a prohibited zone. A mixed East German-Polish Commission reportedly inspected the frontier zone and its security arrangements on 12 and 19 December 1954.

25X1

Tighter security measures on the Czech and Polish frontiers may indicate an increased effort to prevent refugees from Czechoslovakia and Poland from reaching West Berlin and to close these borders to clandestine Western crossings.

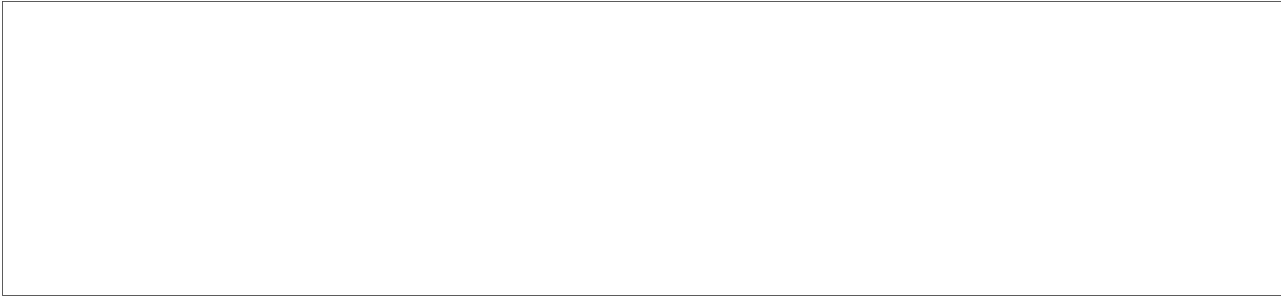
The flow of refugees from East Germany into West Berlin during the week of 7 to 13 January included 321 males in the military age group. This represents a decided increase over the weekly average of 200 defectors in that category during December and a weekly average of 250 since September. The increase probably indicates fear of impending conscription into the East Germany army engendered by propaganda concerning the establishment of a national army in the GDR and by the steady tightening of security measures around Berlin. [redacted]

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Poland

Reported release of political prisoners: There are indications that an unpublicized amnesty may be in progress in Poland. Such a program would conform with current Polish propaganda emphasis on national unity and the necessity for forgiveness of past political errors.

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Following the announcement of the release of Hermann Field on 25 October, there have been numerous unconfirmed reports of the release of former nationalist Communist leaders. These include Gomulka, purged in 1949, and his henchman, General Spychalski. There is also some evidence that the regime has begun an investigation of the convictions in the General Tatar trial of 1951, in which high Polish army officers, including four generals, were accused of espionage relations with the US Embassy, Titoism, and preparation of an armed coup to seize power for the "Gomulka-Spychalski clique." One of the principals of that trial allegedly has been released. [REDACTED]

25X1

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USSR

Campaign against West German rearmament: The Soviet campaign against ratification of the Paris accords remained active during the week. On 13 January the USSR dispatched notes to the Western European Union countries charging that the agreements contradict the Geneva Protocol of 1925 prohibiting bacteriological and chemical weapons. The note, supplementing current Soviet propaganda, warned that the accords, by providing West Germany with bacteriological and chemical as well as atomic weapons, would increase the likelihood of a type of war which would be particularly dangerous to "European countries with great density of population."

The Soviet Government's statement of 15 January, offering the prospect of German unity and West German-Soviet diplomatic relations if the accords are rejected, represented a softer approach than recent threatening tactics. For the first time, Moscow suggested the possibility of international supervision of elections, but it was careful to remain vague about other aspects of its position on elections. The statement omitted--but did not repudiate--the usual Soviet demand for the withdrawal of occupation troops before elections. It was obviously designed to influence the Bundestag debate on ratification scheduled for late February.

In an attempt to underscore the warning that, after ratification, relations with East Germany would be strengthened, the USSR announced on 17 January that its ambassador in Berlin had returned to Moscow for consultations after discussions with East German leaders on this subject. Soviet ambassadors in Paris and Washington have also been recalled for consultations. [redacted]

Atom offer: The USSR is attempting to regain the propaganda initiative in the "atoms for peace" campaign. On 14 January Moscow announced that a report on an atomic power station (allegedly working since the summer of 1954) will be submitted to a conference of scientists which is to meet in August under UN auspices. A further announcement on 17 January stated that both fissionable material and technical advice are being offered to the five Orbit states--China, East Germany, Czechoslovakia, Rumania, and Poland--which have furnished raw materials for the Soviet program, thus allowing them to join in "peaceful" development of atomic energy. This offer matches the US offer of fissionable materials to nations participating in the US "atom pool" plan. Moscow propaganda can now contrast these Soviet offers with alleged US stockpiling of nuclear weapons.

Moscow has always insisted that Communist China be included in any international "atom pool" plan, and the Soviet offer suggests that some such Moscow-sponsored international combine is now in the making. The USSR has already said it is considering expansion of its offer to include additional countries. Such an offer will probably be made not only to other Orbit states but also to non-Orbit nations.

Possible strains in Soviet "collective leadership": The preferential publicity accorded Party First Secretary Khrushchev during past months--a product of his increasingly active role in the enunciation of important policy decisions--appears to conflict with the post-Stalin principle of "collective leadership" in the Soviet Union. Khrushchev, rather than Premier Malenkov, has made the official pronouncements on Soviet agricultural expansion, the lagging construction program and anti-religious activities. He was the signer of a recent Central Committee decree changing the date of the annual Lenin celebration and has been the beneficiary of other publicity which tends to identify him closely with hallowed leaders of the past.

Malenkov, in contrast, has made no major policy pronouncement since the last Supreme Soviet session in April 1954, at which time Khrushchev received equal, or slightly preferential, treatment. Foreign observers in Moscow who have seen Soviet leaders together are unanimous, however, in feeling that Malenkov is "first among equals."

Clarification of line on heavy industrial development: The lead editorial in the latest issue of the authoritative Central Committee Journal, Party Life, as summarized by the US Embassy in Moscow, appears to confirm earlier speculation that divergent points of view on economic priorities noted in Pravda and Izvestia in late December reflected high-level discussion, and possibly controversy, regarding such priorities. The Embassy suggests that the recent press emphasis regarding the high priority to be accorded heavy industry has disappointed the hopes of those elements of Soviet society (lower-level officials) who expected to benefit by increased supplies of consumer goods. Any downward revision of new course plans for 1955 would probably be limited to manufactured consumer goods, since the Soviet press has continued to emphasize the importance of both agriculture and housing.

According to the Embassy report, the editorial criticizes those who do not support or cooperate with a number of policies of the Soviet Government, and it singles out for attack the idea that "development in all possible ways of heavy industry is now in contradiction with the economic laws of socialism." It identifies several prominent theoretical writers as holding the erroneous views. Publication of this editorial may indicate that any implicit contradiction between the new course policies and the requirements of continued rapid development of heavy industry has now been resolved.

25X1

- 9 -

21 January 1955

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Brazil

Communist activities: In a new effort to incite hostility against the United States, the Brazilian Communists have launched a propaganda campaign decrying the US Antarctic Expedition and its alleged plan to carry out thermonuclear tests. US officials view the campaign as a prelude to future Communist efforts to blame the expedition for atmospheric vagaries or other natural phenomena. Although Moscow has not volunteered comment, Izvestia was quick to relay a protest by a leading Chilean Communist writer who claimed that all Latin Americans are seriously concerned over the alleged US peril to Brazil and the rest of South America. The Chilean Communist press claimed that these tests would duplicate in Chile the "sad experience of the Japanese fishermen affected by the hydrogen bomb."

The Brazilian Communists probably will continue this theme at the Communist-sponsored South American youth festival scheduled to be held in Sao Paulo from 6 to 13 February. This festival originally was to be held last October in Santiago. Following the negative reaction of the Chilean Government, however, the site of the congress was changed to Brazil.

25X1

The Brazilian Communists are making a major, though concealed, effort to encourage attendance at the meeting, [redacted]

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[redacted] Although their Party has been outlawed since 1947, it is the largest and wealthiest Communist Party in Latin America. Its present estimated membership of 120,000 represents a 100 per cent increase in the past two years. Its organizational skill was demonstrated by the secrecy surrounding the holding of its fourth Party Congress last November. This congress, the first since 1929, adopted a program showing that the Party had shelved its former militancy in favor of the international Communist united front line. [redacted]

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