KOREA

1. Korean morale raised by Truman's announcement—US Ambassador Muccio reports from Suwon (about twenty miles south of Seoul) that the US decision to provide military support has greatly raised morale, and that the expected air support raises the hope that it may now be possible to rally the disintegrating South Korean Army and re-group for a stand along the south bank of the Han River.

SOVIET UNION

2. Soviet attitude toward Korean issue at the UN—US Representative Austin reports from the UN in New York that during a recent conversation with UN Secretary-General Lie and Soviet representative Malik, Malik repeatedly questioned the legality of the recent UN action on Korea. Malik argued that the UN decision on Korea was illegal because neither the USSR nor the "lawful representatives" of China participated in the Security Council decision. Later in the conversation, Malik remarked that he still intended to depart for Moscow the first week of July and he avoided making any estimate regarding the length of his absence.

3. East Germany compared to North Korea—The Berlin element of the US High Commission for Germany expresses the opinion that the Korean invasion adds to the evidence that the USSR is accelerating the time table for its revolutionary offensive in various areas in the world, including Germany. The Berlin element recommends a careful analysis of the whole pattern of Korean developments in recent years for clues to Soviet plans regarding
Germany, because the "evident analogy" between North Korea and East Germany makes it plain that the Soviet plans for East Germany are evolving toward an eventual attempt to use the German Democratic Republic in the same manner as North Korea. The Berlin element believes that the Germans are keenly aware of the implications for their own country of the Korean situation, and that the manner in which the West deals with the Communist aggression in Korea will make a "strong impression" in Germany.

(CIA Comment: CIA believes that the Germans regard the Korean conflict as a test case of the US ability to deal effectively with a critical situation.)

4. No Soviet military preparations in Germany and Austria -- General Handy, Commander in Chief of US Forces in Europe, reports that there are no indications of aggressive Communist military action in Germany. Handy states that the bulk of the Soviet occupation armies seem to be engaged in normal maneuvers and that the German Democratic Republic has manifested no warlike intentions.

General Keyes, Commander of US forces in Austria, reports that there are no indications of a change in the present situation in Austria at this time.

(CIA Comment: No evidence is available indicating Soviet preparations for military operations in the West European theater, but Soviet military capabilities in Europe make it possible for the USSR to take aggressive action with a minimum of preparation or advance notice.)
5. Soviet combined maneuvers in Balkans reported--US Embassy Ankara transmits a Turkish government report originating in the Turkish legation in Bulgaria that the Soviet Black Sea fleet is planning to hold maneuvers during the latter part of August which would involve a seaborne landing on the Turkish Black Sea coast. According to source, there will also be maneuvers of land forces at approximately the same time in Bulgaria, Rumania, Hungary, and Czechoslovakia with hypothetical objectives to the West and South.

(CIA Comment: The report of combined Soviet maneuvers in the Balkan-Turkish area probably forms part of a Soviet war of nerves against the West. The firm stand of the United States in Korea, however, will discourage such manifestations of Soviet pressure along the Soviet periphery.)