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KOREA

1. UN forces give ground slowly--UN forces in Korea continue to give ground slowly under relentless hammer blows in the central sector near the strategic supply hub of Taegu; in the south invading troops have reportedly captured the port city of Chinju, and the North Koreans are breaking into the important defense anchor of Hamchang in the north central sector. There was little activity near the battered east coast port city of Yongdok which has changed hands repeatedly during the past several days. Seventh fleet units are continuing to bombard east coast positions of the enemy, and other units have been dispatched to provide protection for the south flank of UN ground troops in the Chinju area.

Radio Pyongyang broadcast a statement by North Korean Communist Chief Kim Il Sung that the North Korean armed forces were guaranteed enough weapons and ammunition for victory. In South Korea, the outbreak of seven smallpox cases is a warning of the dangerous public health situation which is developing as refugees crowd into UN-held South Korea. US Ambassador Muccio believes that the growing menace of epidemics provides an excellent opportunity to solicit international assistance in non-military activities in South Korea.

2. Embassy Moscow's views on Soviet return to UN--US Embassy Moscow estimates the return of the USSR to the Security Council to be a tactical retreat dictated by the course of world developments since the invasion of Korea, and particularly by the unity of the free world. The Embassy also believes that the failure of the Soviet boycott to disrupt the UN during its consideration of the Korean issue and the growing unity of the free world within

- 1 -

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the UN has made a deep impression on Soviet leaders, and that the Kremlin must view with serious concern the march of events which threatens to make the West much stronger within a year or two.

The Embassy estimates that the Kremlin may now feel that propaganda moves and obstruction within the UN are insufficient and that the time has come for making concrete appeasement moves which would tend to relax the marshalling of the free world's strength. In assessing Soviet intent in returning to the UN, the Embassy points out that now is the propitious time for "peace" moves in Korea and comments that the USSR will probably submit proposals based on the withdrawal of foreign troops and new elections, perhaps under UN observation. If the USSR intends a real appeasement move, the Embassy believes the proposal may be accompanied by a withdrawal of North Korean troops to the 38th Parallel to avoid their eventual defeat and to permit maximum political capital to be derived from the Soviet role of "peacemaker." The Embassy warns that the outcome of such elections might favor the Korean Communists. The Embassy suggests the USSR will continue to link a peaceful settlement in Korea to the question of admitting the Chinese Communists to the UN, with a vote delayed for the time being, and that the USSR may attempt to make Formosa an issue in the hope of exploiting the US unilateral commitment on that island. The Embassy believes the Kremlin's eyes are on the major issues involved, and doubts that the USSR is returning to the SC with the somewhat legalistic motive of blocking UN action with regard to aggression elsewhere.

- 2 -

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