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9. Chinese Communist control of North Korean economy reported:

[redacted] by May the supply headquarters of the Chinese Communist Army in Korea was directing, through the North Korean Ministry of Commerce, the operation of a "comprehensive economic rehabilitation agency." This "agency" distributes military and industrial goods, controls land and sea transport, and plans the reconstruction of damaged areas. [redacted] North Korean commerce officials feared complete Chinese control of the Korean social and economic framework.

[redacted] the Chinese Army transportation corps controls the railroads north of Chongjin in northeast Korea and all rail traffic between Sinuiju and Pyongyang in the northwest. [redacted] 8 Aug 52)

Comment: It is doubted that the Chinese Communist forces exercise such pervasive control over the North Korean economy. Most reports reveal that the Chinese have little or no overt responsibility for administration of North Korea, preferring instead to work through Korean officials.

On the other hand, Soviet supremacy in non-military Korean affairs has yet to be disproved.

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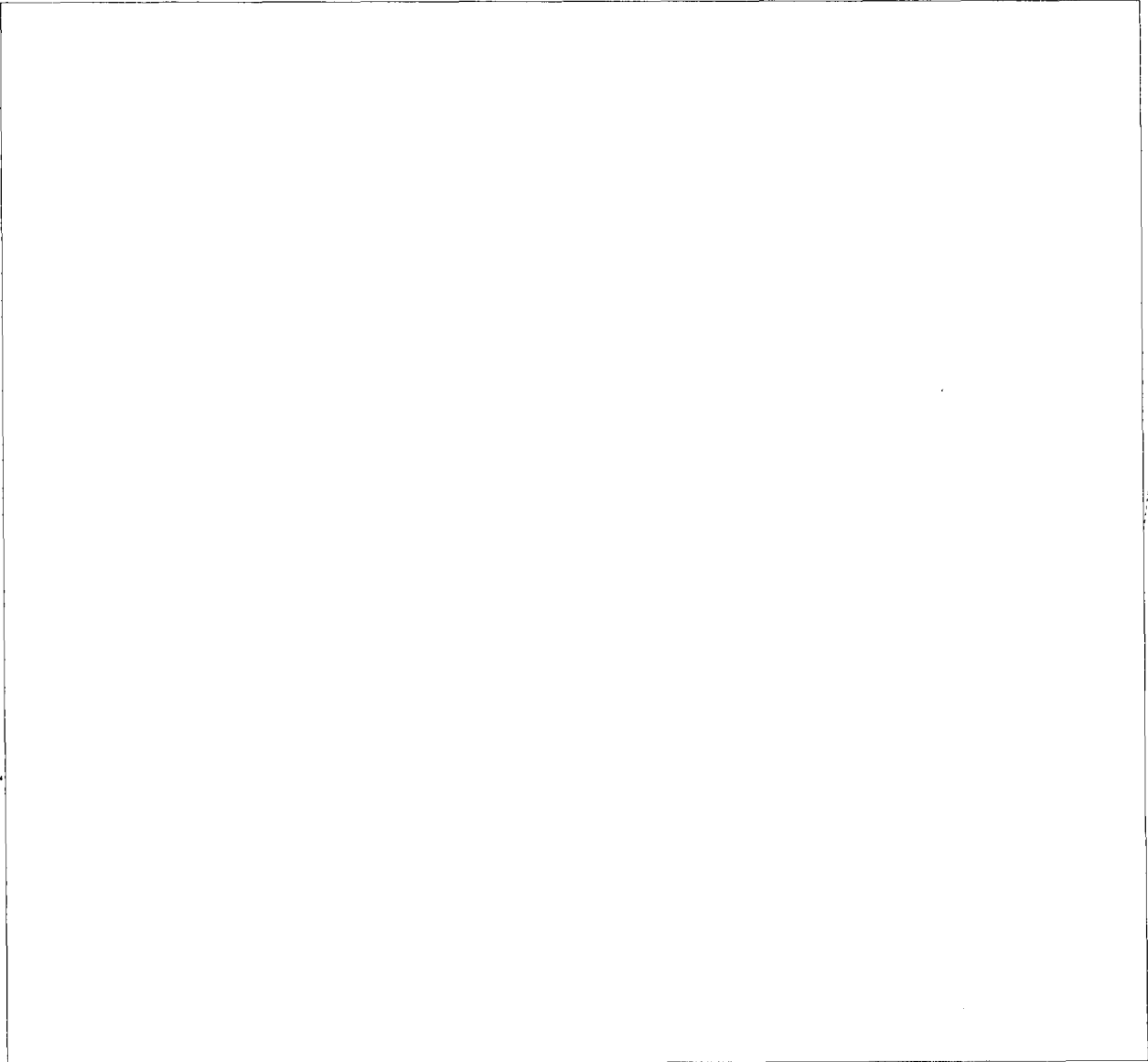
19 Aug 52

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[redacted] [redacted] [redacted] reveal that the operation and administration of rail lines in Korea is a joint Chinese-North Korean venture. The North Korean Railroad Recovery Bureau, some 26,000 men, is responsible for maintenance work in all Korea.



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