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"A" Chinese Communist Militiamen Reported Enroute to Korea.  
 [redacted] approximately 30,000 militiamen were forcibly conscripted by the Kwangsi Military District Command and on 15 and 20 May were sent on Army trucks to Changsha where they are to be reorganized and trained for duty in Korea. ([redacted] 7 June 51, [redacted]). COMMENT: The drafting of militia and military district troops into the regular army forces of the Chinese Communists has been frequently reported. It is expected that the increasingly high rates of attrition suffered in Korea will result in the acceleration of this substitution system in utilizing secondary forces without depleting the regular troops now stationed in strategic areas of China proper.

"C" KOREA. Rhee Reluctantly Approves More Realistic Won-Dollar Rate.  
 Ambassador Muccio reports that the ROK Prime Minister and Foreign Minister have finally obtained President Rhee's reluctant approval for a won 6000 to 1 dollar counterpart rate (the rate at which the ROK Government collects local currency for US-financed and imported goods and the proceeds of which are deposited in a reserve fund). Both Government and private circles feel that the increase in rate and the non-repayment of won advances to UN forces will lead to further inflation. ([redacted] 9 June 51). COMMENT: Although a major US economic recommendation the President has opposed for a considerable period a raising of the former 4000 to 1 counterpart rate on the grounds that the repayment of ROK loans to the UN for essential local purposes would be the major solution to the inflation problem.

"B" Enemy May Require up to Six Weeks to Mount Offensive. The Far East Command Intelligence Staff believes that the current UN offensive against the Kumhwa complex is seriously hampering enemy efforts to regroup and reconstitute his forces. Preparations for another major offensive effort by Chinese and North Korean forces are therefore estimated to require at least three, and more likely, five to six weeks. Evidence of planning for further offensives are unconfirmed reports telling of a major force of fresh Chinese Communist armies near Pyongyang, where elements of four armies of the 1st Field Army and three from the North China Military Area

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are believed concentrating. Current enemy forward dispositions give rise to speculation that the main effort of a new offensive will probably be in the west central sector, with a strong secondary thrust towards Chunchen in the center. ( [redacted] 10 June 51).

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