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5 September 1951

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DAILY DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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Army, DIA and State Dept reviews completed

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SECTION 1 (SOVIET)

1. USSR. Electricity shortage reported in Central Volga region: A 24 August Red Star article states that the central industrial region comprising seven oblasts, ten percent of the Soviet population, and a "considerable" proportion of heavy industry is short of electricity. This shortage, said to be delaying the industrial development of the Volga area as well as of the entire central industrial region, will theoretically end upon completion of the new Volga hydro-electric stations. (S Moscow Weeka, MA-1216, 31 Aug 51)

Comment: "Shortage" of electricity may possibly be serving a dual purpose in that it excuses lagging industrial production, while at the same time acting to stimulate speedy completion of the postwar Volga hydroelectric program.

2. EASTERN EUROPE. GENERAL. Satellites reportedly preparing to shift labor to high priority industries: A recent report from Germany points to a comprehensive program of labor resettlement in the Satellite states aimed at raising the productivity of heavy industry. The whole program is aimed at building an economy under the centralized direction of Soviet economic experts that will counter-balance that of Western Europe. Soviet recruiting teams are reportedly visiting Satellite industrial installations on a survey of technicians in order to allocate them to high priority industries, including shipbuilding, mining and heavy automotive manufacture. The program in East Germany contemplates the eventual transfer of about 150,000 workers to Poland, Czechoslovakia and Hungary. (U New York Times, 2 Sep 51)

Comment: The transfer of skilled technicians between countries of the Soviet Orbit to high priority jobs has been evident for some time. The movement of industrial labor, however, is a possible new development in the Satellites.

No evidence is available to confirm the contemplated transfer of 150,000 Germans to neighboring Satellites. This development would reverse a trend of expelling Germans from the Satellites since the end of the war. While there is some unemployment in East Germany at present, the East German Five Year Plan requirements make the transfer of this number of German workers unlikely.

3. CZECHOSLOVAKIA. Worldwide publicity on Oatis case disturbs Communists: The US Embassy Prague reports that the worldwide interest in the Oatis case may be disturbing the Czechoslovak Communists as is evidenced by the resumption of publicity regarding Oatis for the first time since the trial ended on 4 July. Czechoslovak propaganda is seeking to belittle Western efforts

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to free Oatis and goes considerably beyond the indictment in describing his alleged crime and guilt. (C Prague 165, 31 Aug 51)

Comment: The theme of current Czechoslovak propaganda regarding the Oatis case is the contrast between legitimate and even critical reporting of Czechoslovak events and espionage which Oatis was allegedly engaged in.

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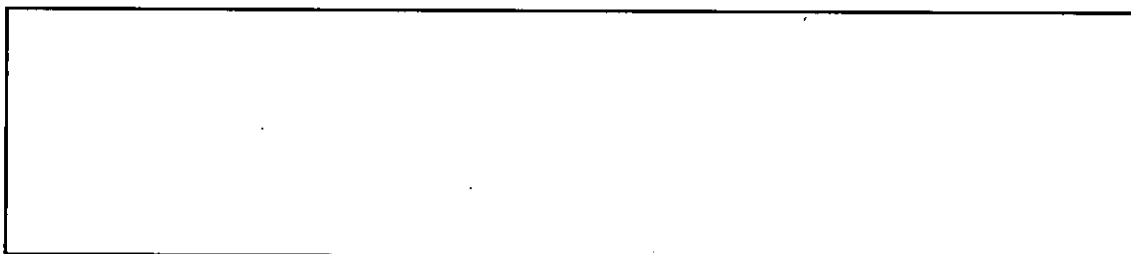
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SECTION 2 (EASTERN)

1. IRAN. Comment on Polish and Czech bid for Iranian oil: Iran, according to its official spokesmen, is considering a bid from Poland and Czechoslovakia for the purchase of 700,000 and 500,000 tons of oil respectively. It was also stated that companies in the US, Italy and Sweden had offered to supply tankers.

Poland owns four tankers with a combined tonnage of 22,044 and charters three totaling 17,378 tons. The Czechs have no ocean-going tankers under their control. Using its entire tanker facilities, Poland could move the 1,200,000 tons of oil under consideration in approximately three years. There is no indication that any sizeable number of tankers will be available for charter anywhere in the free world.

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Comment: Similar information was furnished in mid-July [redacted]

[redacted] In view of the build-up of the war threat, reports that the Moslem League supports Indian Communists can no longer be categorically rejected.

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3. PAKISTAN. Chinese ambassador arrives: The first Chinese Ambassador to Pakistan, Han Nien-Lung, arrived in Karachi on 2 September. Pakistan's first ambassador to China plans to leave for Peiping about 22 September. (R FBID, London, 2 Sep 51)
4. BURMA. Increasing Communist military capabilities reported: The US Embassy in Rangoon reports that insurgents have recently become more active in the vital Irrawaddy Delta, while maintaining a high level of activity farther north. The embassy has noted increasing evidence of Communist ability to concentrate larger forces than heretofore for operations in strategic areas. (C Rangoon 248, 1 Sep 51)

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5. Growing anti-Communist sentiment reported among local Chinese: A [redacted] Rangoon informed the US Embassy that neutralism in the local Chinese community is giving way to anti-Communism. He pointed to the formation of anti-Communist student and teacher organizations which were primarily responsible for denouncing recent Communist dis-paragement of traditional Chinese concepts. [redacted] claimed to be particularly encouraged by the enthusiasm of the students who have also or-ganized a new non-Communist school and have launched a campaign to recruit other students attending pro-Communist schools. As further evidence of this trend, the embassy reports that there have been several instances during the past few days of local Chinese leaders initiating social contacts with mem-bers of the embassy, whereas previously they had tended to consort exclus-ively with the Communists. (C Rangoon 248, 1 Sep 51)

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Comment: Growing antagonism among the Chinese in Burma toward the Communists has been noted for some time. Anti-Communism among the overseas Chinese, however, is still handicapped by the absence of organization and a popular leader or cause to rally about.

6. Smuggling from Burma to China continues: An officer of the US Embassy in Rangoon, recently returned from Namkham, near the China-Burma border, reports that the area is relatively peaceful but that smuggling continues on a "considerable scale" over the Burma Road. This smuggling, averaging 20 truck loads of contrabands a day, is largely under the con-trol of the Burmese Army, which collects over 400 dollars for each truck.

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[redacted] in Rangoon from Kunming also reported that during a 10 day visit in Wanting on the China side of the border he observed truck convoys, loaded with tires and petroleum, leaving for Kunming every few nights. He further confirmed the complete absence of Burmese military authority in the village of Kyukok, which is directly across the border from Wanting, and claimed that it was controlled by Chinese Communist agents. (C Rangoon 248, 1 Sep 51)

Comment: The smuggling of tires and petroleum products over the Burma Road into China has been reported by a number of sources. Although the Burmese Government is aware of this problem, it is both unwilling and unable to take effective action to suppress smuggling, especially in the absence of strong outside pressure.

7. MALAYA. Dato Onn bids for labor and village support: Dato Onn, dean of Malay politicians, opened the annual Malayan Trade Union Council confer-ence with a speech stating that self-government will be attained "before many years." He urged that the trade unions stick to their proper activ-

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ities, allowing their political interests to be represented by a "national organization." This is apparently a reference to Dato Onn's recently-conceived "Independence of Malaya Party," the non-communal rival of the United Malay National Organization (UMNO) whose presidency Dato Onn recently relinquished. The UMNO, lacking Onn's leadership, has already retrogressed toward a narrowly racist, Malaya-for-the-Malays policy. Dato Onn predicts that UMNO will intrigue with the Sultans but that he will get the support of the villages. (C Kuala Lumpur 41, 31 Aug 51)

8. INDOCHINA. Viet Minh army morale reported declining: Viet Minh forces are reported by French G-2 in Saigon to be undergoing increasing hardship from lack of food and medicine. Thirty to sixty percent of the troops in large units are unable to fight due to sickness. The result has been a decline in troop morale, increased desertion, and failure to fill recruitment quotas. Because of the condition of Viet Minh troops and the prevailing flood conditions in the Tonkin delta, no major action is expected before October. (S USARMA Saigon, MC 227, 2 Sep 51)

Comment: Cumulative evidence from several sources has strongly indicated that the Viet Minh is increasingly hard-pressed to meet the material needs of the population within its zone, and that civilian morale has consequently declined. This is the first report, however, that Viet Minh armed forces are suffering a similar lowering of morale.

9. Economic and psychological deterioration in Viet Minh zone: The Viet Minh-held rice-producing region of Thanh Hoa in northern Annam is suffering from near famine conditions as a result of bad weather and Viet Minh requisitioning, [redacted]

[redacted] Malaria is endemic and there is a total lack of quinine and other forms of medicine. Textiles are unobtainable. According to an eyewitness, there has been a noticeable decline in the morale of the civilian population in the last few months. [redacted]

Comment: This information is several months old, but there is ample evidence that the trends described above continue to afflict the Viet Minh.

10. French weigh disposition of Chinese internees: The chief of the Far East division of the French Foreign Office told US Ambassador Bruce in Paris that the French Government is considering the possibility of repatriating, through the agency of some international organization such as the Red Cross, the 30,000 Chinese Nationalist troops interned in Indochina. The official indicated that some decision on this question might be taken "before long." (S Paris 1368, 31 Aug 51)

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Comment: Although constantly pressed by Chinese Nationalist officials to repatriate these troops, the French authorities have postponed making any decision for more than a year and a half.

11. French Surete in Indochina act against "pro-American" Vietnamese: The hand of the French Surete was evident in the invalidation of the passport of Tran Van An, semi-official Vietnamese press representative to the San Francisco conference. Although known to be on very poor terms with General De Lattre and regarded by the French as suspiciously pro-US, Tran Van An had been personally invited to attend the conference by Premier Huu. The US Charge comments that this episode, following closely upon other cases of French intolerance of even the "loyal opposition," will have considerable repercussions. (S Saigon 551, 1 Sep 51)
12. Chinese send aid and advisers, but not troops: Chinese Communist material aid to the Viet Minh is increasing, according to French G-2. The number of Chinese advisers in North Vietnam reportedly is unchanged, but new "propaganda units" are arriving. Reports received by French G-2 from agents in the area of Langson, the traditional "China Gate," indicates no evidence of Chinese troops on the Indochina side of the frontier. This is verified by French Air Force reports. (S Saigon OARMA MC 227-51, 2 Sep 51; S Saigon Weeka 35, 1 Sep 51)

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13. INDONESIA. Communist press and labor federation receive subsidies from Chinese Communists: [redacted] in late February 1951, SOBSI, Communist-controlled Indonesian labor federation, was receiving a monthly subsidy of about 15,000 dollars from Chinese Communists for use in instigating strikes. Chinese Communists were spending approximately the same amount for propaganda purposes, including individual subsidies ranging from 300 to 1,500 dollars to leftist newspapers in Indonesia.

Indonesian police have been unable to apprehend 242 Chinese Communists who secretly entered Sumatra and southwestern Borneo in late 1950. Early in February, three of these Chinese were arrested in Pontianak but escaped three days later. [redacted]

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Comment: Both infiltration of Chinese Communist agents and Chinese financial support of Indonesian and Chinese Communist activity in Indonesia are frequently reported and undoubtedly exist. The full extent of such activity, however, is impossible to assess.

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14. Government prepares for forceful action in Celebes: In a radio address on 30 August, Prime Minister Sukiman offered Celebes guerrillas five days to surrender, at the end of which time he said the government will take punitive action. [redacted] troops are being drawn from South Sumatra, Java and parts of East Indonesia in readiness for a government offensive. 25X1

The US Army Attache comments that the guerrillas, now numbering 4,000, could swell to 8,000 or 10,000, and that the affair could become equal in significance to the Makassar "rebellion" of 1950. Rumors persist that the Chinese Communists may have had a hand in fomenting the trouble. (C Jakarta 357, 1 Sep 51; S USARMA Jakarta L 136, 1 Sep 51)

Comment: On 17 August, Kahar Muzakar ordered his 4,000 guerrillas back into the jungle in the South Celebes and by so doing cancelled their expected incorporation into the Republican Army. The Makassar "rebellion" of August 1950 occurred when a guerrilla attack on demobilized troops resulted in the involvement of government forces. Five days of heavy fighting followed, with some 900 casualties reported.

15. PHILIPPINES. Opposition senatorial candidates seen capable of winning on quality basis: Observing that the senatorial candidates chosen by the opposition party (Nationalistas) are much more impressive than those put up by the Liberal Party, the US Embassy in Manila comments that if voting were on the basis of quality and if (as is "unlikely") the November elections were to be free and honest, the Nationalistas would probably win a substantial majority. (C Manila 867, 31 Aug 51)

Comment: Nine out of 24 senate seats will be contested in November. The Nationalistas oppose Philippine acceptance of the Japanese peace treaty and accuse the administration of subservience to the US.

Although there has been considerable public demand that the fraud and coercion which accompanied the 1949 elections not be repeated, the administration has not seen fit to dismiss numerous special and temporary police who have been used to influence past elections. 25X1C

16. CHINA. Chinese Communist program for Kachins reported. [redacted]

(a) the formation of a "Kachin National Congress (China)" in Yunnan Province in November 1950;

(b) Chinese Communist orders to the Kachin National Congress to use

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in Kachin schools, Communist texts rather than books imported from Burma; and

(c) instructions to the head of the Congress to recruit and train Kachins for use as a "vanguard" in the event of an invasion of Burma.

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[redacted]

Comment: The Kachins in Communist China are doubtless under the same firm control of Peiping as are other ethnic minorities, but the precise form of the minority front organization has not been established; Peiping could be expected to devise an organization and program designed to appeal to Kachins in Burma as well. The use of Communist textbooks in Kachin schools is to be expected. [redacted] recruitment of Kachins in Communist China to swell the ranks of Naw Seng, the renegade Burmese Kachin, who has been receiving support and indoctrination from the Chinese Communists for more than a year.

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17. Submarines sighted in South China Sea: Two submarines were sighted on 29 August south of Macao off the South China coast [redacted]

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[redacted] The submarines, on a southerly course, submerged as the plane passed overhead. After interrogation of flight crew members, [redacted] assesses the report of sighting as probably true. (S Astalusna Singapore, 31107Z, 31 Aug 51)

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Comment: No US submarines were in the area on this date. Since no other Western submarines are believed to have been in these waters at the time, this appears to be the first reliable sighting of a Communist submarine in South China waters. Previous reported sightings of submarines in these waters have been assessed as possibly true. Numerous unconfirmed reports have stated that Russian submarines are smuggling agents and arms into Southeast Asian countries and the Philippines.

18. Radar-controlled anti-aircraft guns reported in East Central China: [redacted] report the existence of radar-controlled anti-aircraft artillery at Nanking and Shanghai. (S Alusna Taipei, Weeka 35, 31 Aug 51)

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Comment: Radar-controlled anti-aircraft guns have been identified in Manchuria and North China for some time. Their installation in East Central China is new information.

19. Soviet strength in Port Arthur area is reassessed: [redacted] as of 21 August, Soviet forces in the Port Arthur Naval Base Area (PANBA) were as follows:

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(a) Army -- three infantry divisions, two armored divisions, one artillery regiment, one anti-aircraft brigade, and one paratroop brigade;

(b) Air -- 350 naval and airforce aircraft; and

(c) Navy -- a squadron of 10 destroyers of a German type. []
[] 1 Sep 51)

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[] The Daily Digest of 13 August reported the unconfirmed assertion [] that Soviet ground forces in the Port Arthur area were being increased to a total of about 100,000 men; the present report, also unconfirmed, indicates a ground force strength more nearly in accord with the figure (61,000) accepted by US Army G-2. The figure of 350 aircraft is also unconfirmed but also credible, and may even be low. There is Soviet naval activity of various kinds in the PANBA, but the presence of a destroyer squadron (at least six DDs) cannot be confirmed.

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20. Kao Kang denounces "corruption" and "bureaucracy" in Manchuria: Mukden radio states that the Northeast Bureau of the Chinese Communist Party met with 2,000 of its top cadres on 31 August to discuss "bad practices and bureaucracy" in various unspecified Manchurian organizations. Kao Kang, the leading Party and governmental functionary in the Northeast, is reported to have "severely criticized corruption and bureaucratic methods in management." Kao is further quoted as citing this "trend" as evidence that the Party has been affected by "reactionary capitalism." (R FBID Flimsy, 1 Sep 51)

Comment: Kao's remarks clearly point to a more serious problem than the moral failings of the cadres, but this brief release suggests only the nature and not the magnitude of the problem. If it is true that corruption and incompetence are widespread among the managerial personnel of state enterprises in Manchuria -- the area longest and most firmly under Communist control -- it is reasonable to assume that this problem is much greater throughout China than the Communists have admitted.

21. Mao thanks Stalin moderately for "great help" against Japan: A telegram dated 2 September from Mao Tse-tung to Stalin conveys "profound thanks" for the USSR's "great help" during the war against Japan. Mao states that this help, as well as the Sino-Soviet alliance, has provided "boundless inspiration" to the Chinese people. In reply, Stalin thanks Mao for his "high evaluation" of the Soviet role, and concedes that China "played an important part" in defeating Japan. (R FBID Flimsy, 3 Sep 51)

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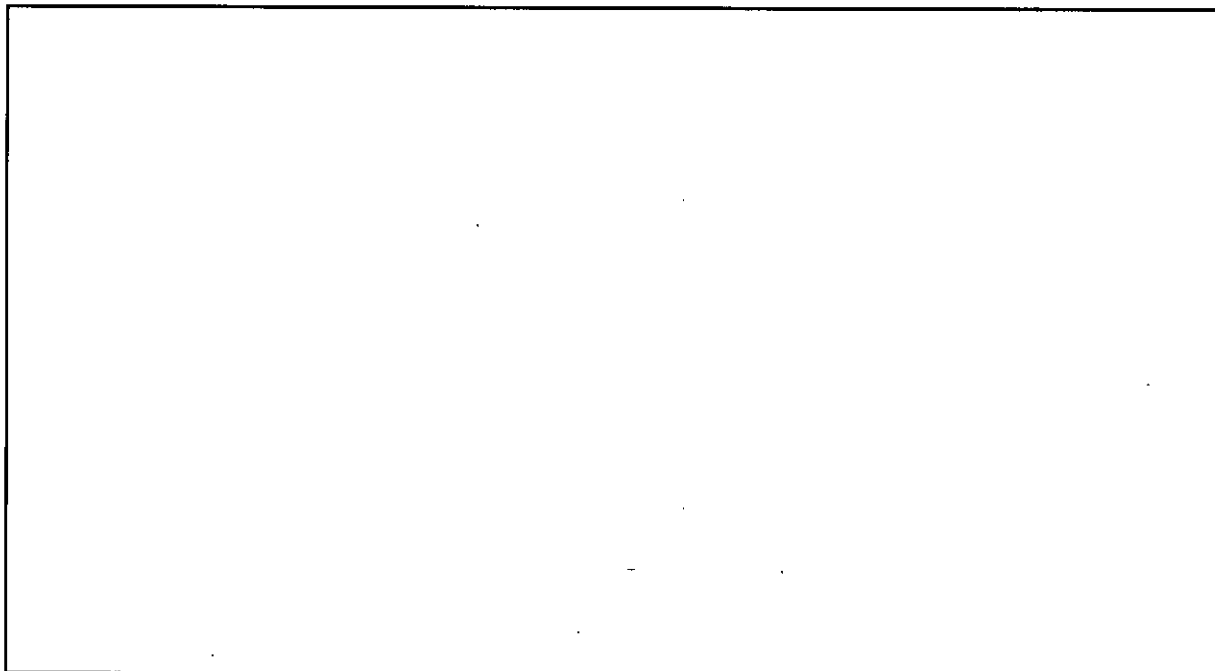
Comments: It is worth noting that Mao's "high evaluation" of the Soviet role is confined to appreciation for "help" and "inspiration," and does not credit the USSR with the leading or even a major part in the fight. Peiping apparently feels, with truth, that the Chinese contribution -- both Nationalist and Communist -- was considerably greater than the Soviet. Nevertheless, this exchange of messages, on the occasion of Sino-Soviet observance of V-J Day, draws attention to the unity of Sino-Soviet purpose as expressed in the Sino-Soviet treaty of February 1950 -- namely, that of preventing the resurgence of Japanese aggression.

22. KOREA. Rhee claims ROK can muster additional 250,000: In a 2 September speech broadcast over Radio Pusan, President Rhee stated that South Korea can muster 250,000 new troops but that "arms and training are needed" for them. He cautioned against a new Communist offensive or a limited offensive in connection with Communist arguments at the San Francisco conference. His statement closed on the note that the sooner the ROK strengthens its forces with additional troops, the earlier democratic nations will be able to attain their ultimate aims. (R FBID Ticker, 3 Sep 51)

Comments: Following close on a recent interview in which the ROK Minister of Defense stated that the ROK Army will be a "first class fighting machine," Rhee's speech gives the appearance of another campaign for US arms to equip a large army. The motivation of the campaign is not clear but may stem from Rhee's apprehension that the UN is going to pull its troops out of Korea.

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SECTION 3 (WESTERN)

1. GENERAL. Smaller NATO countries may check power of military: US NATO Deputy Spofford warns that it would be a mistake to underestimate the resentment caused by the three-power Standing Group's refusal to present a report or to be represented at the Ottawa meeting of NATO Finance and Foreign Ministers. He expects that some of the minor NATO countries will now press strongly for greater control over the deliberations of the Standing Group. (S London, Depto 298, 30 Aug 51)

Comment: The Standing Group argues that the Ottawa meeting is primarily non-military. Several NATO nations, however, claim that a military progress report is needed, and that a Standing Group representative should be present to answer questions. The NATO governments not represented on the Standing Group are jealous of the power they have delegated, and, unless the Standing Group takes steps to keep them better informed of its deliberations, they will undoubtedly demand a share in decisions now made by the tripartite body.

2. GERMANY. New Soviet move tightens economic noose in Berlin: On 31 August Soviet and East German authorities further tightened the economic squeeze on West Berlin by imposing a toll on all West German traffic between Berlin and Western Germany. Exempting Allied and East German traffic, they levied the tax—for "maintenance of the road"—on each one-way trip made by both cars and trucks. West German truckers reacted sharply by blocking the highway at the Helmstedt border point, in an attempt to prevent compliance and force action by West German authorities to alleviate the situation.

Local US officials see no chance for immediate relief to the shippers, who carry most of West Berlin's imports of perishable foods. The thirteen freight trains now running daily to Berlin are the limit permitted the Allies and are already fully utilized, although some unused capacity is available on the Elbe waterway. These officials estimate that the new tax, if absorbed by shippers and consignees, would increase shipping costs at least 20 percent, constitute a "palpable increase" in the cost of food and other imports, and measurably affect the competitive position of West Berlin's industry.

The Allied commandants in Berlin met on 3 September with West Berlin officials to discuss possible countermeasures, including the taxing of all East German barges passing through West Berlin locks, an effective measure in the past. (C Berlin 339, 1 Sep 51)

Comment: This latest Soviet move, apparently under consideration since at least last June, represents another in a series of measures designed to harass West Berlin, and a possible further step to force resumption of interzonal German trade. The step, which will greatly increase the general

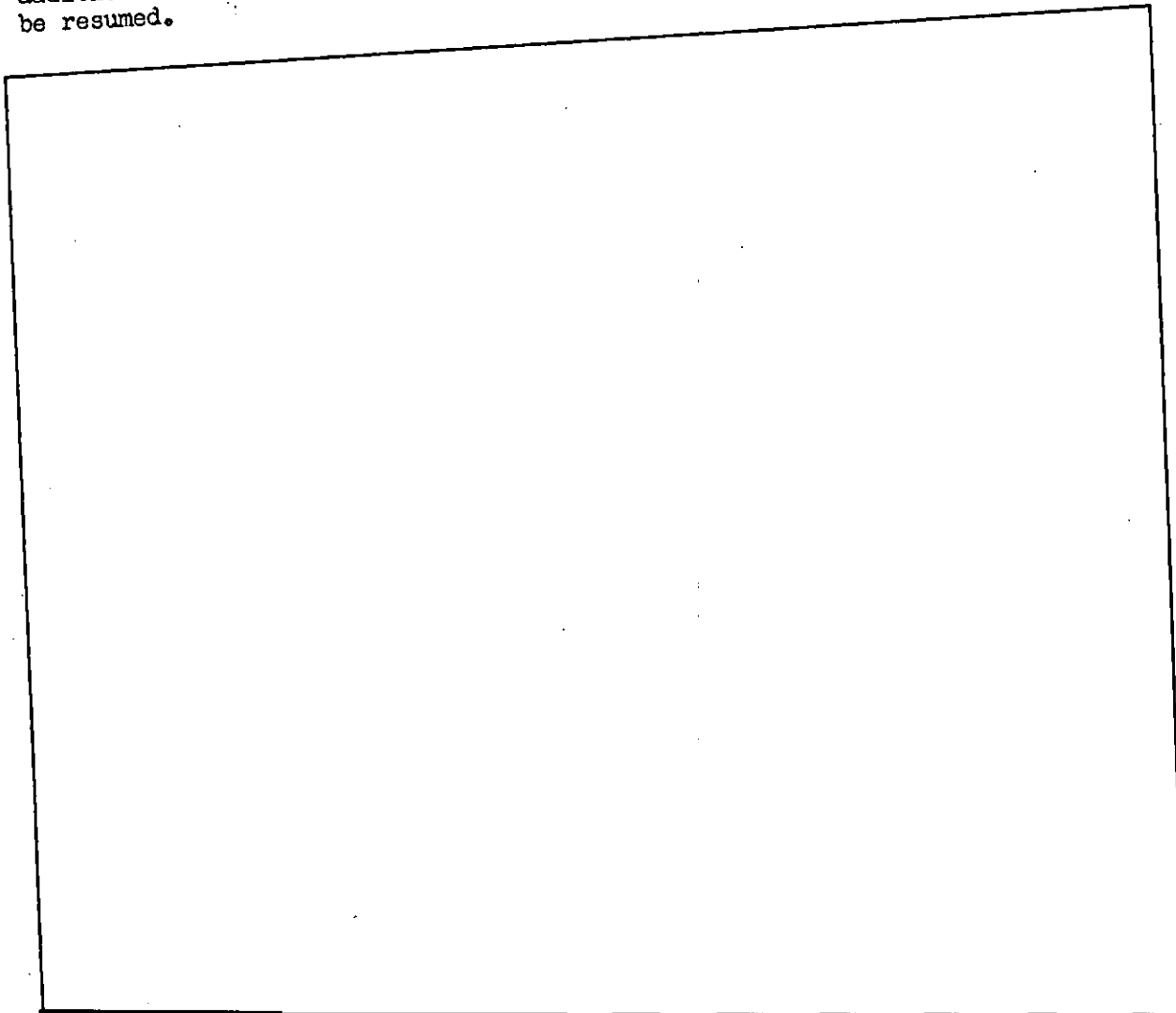
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uncertainty and alarm in Berlin, may also be intended to give the USSR an additional bargaining point should Four Power talks on the trade impasse be resumed.

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4. AUSTRIA. USSR proposes amended air-corridor route to Vienna: Soviet authorities are vigorously pressing for quadripartite approval of a USSR-initiated proposal to redirect British air traffic flying over the Soviet zone to Vienna from the present 20-kilometer-wide corridor to a more circuitous route to the northwest. The Soviet deputy commissioner argues ostensibly that the present route crosses the flight paths of Soviet occupation troops, and endangers flights of both powers.

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British and US officials, however, believe that the Russians are much more concerned that the corridor permits observation of Soviet military airfields at Zadvoeslau and Wiener Neustadt and of Soviet-Hungarian maneuver and training areas. In bilateral negotiations the British are making counterproposals involving traffic control and variable-altitude flights. The US Legation is examining what advantageous concessions can be won from a strong bargaining position. (S Vienna 840, 30 Aug 51)

Comment: The Soviet airfield at Wiener Neustadt is subject [redacted] As of 15 August, reconnaissance indicated that at least eight jet squadrons may be stationed at this field. Any safety considerations in the Soviet move seem to be ruled out by the fact that the corridor now objected to has been in use since 1946.

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5. Monetary delegation will press for further US aid: A delegation of Austrian bank and financial officials at Washington meetings of the International Bank for Reconstruction and Development and the International Monetary Fund will impress upon US agencies the urgency of Austria's current economic problems. Finance Minister Margaretha has informed the US Legation he will tell the US Government that a cut in ECA allotments below 145 million dollars would be "tragic."

Margaretha will try to convince US officials that an additional release of counterpart funds for 1951 is essential, that present exchange rates must be maintained if further price advances in imported raw materials and food items are to be avoided, and that Austria should be granted additional latitude in exports to Czechoslovakia and Poland in return for their relatively cheaper coal. As an example of Austria's efforts to achieve economic stability, the minister will cite current measures to hold the line on meat prices, even though such anti-inflationary controls have resulted in serious shortages of meat. (C Vienna 841, 30 Aug 51)

Comment: Rising costs of essential raw materials, deterioration of trade with Western Germany subsequent to Germany's own balance-of-payments difficulties, a continuation of controlled inflation under the system of periodic wage-price increases, and vulnerability to economic pressures exerted by Poland and Czechoslovakia have all contributed to the current economic difficulties in which Austria finds itself and to fears that the situation may become acute this fall. While retention of price controls for meat is no doubt politically essential and has avoided importation of expensive animal feeds, imports of animal products have in consequence further burdened Austria's limited supply of foreign exchange.

6. ITALY. Communists claim large delegation at Berlin Youth Festival. Enrico Berlinguer, leader of the Italian Communist delegation to the Berlin Youth

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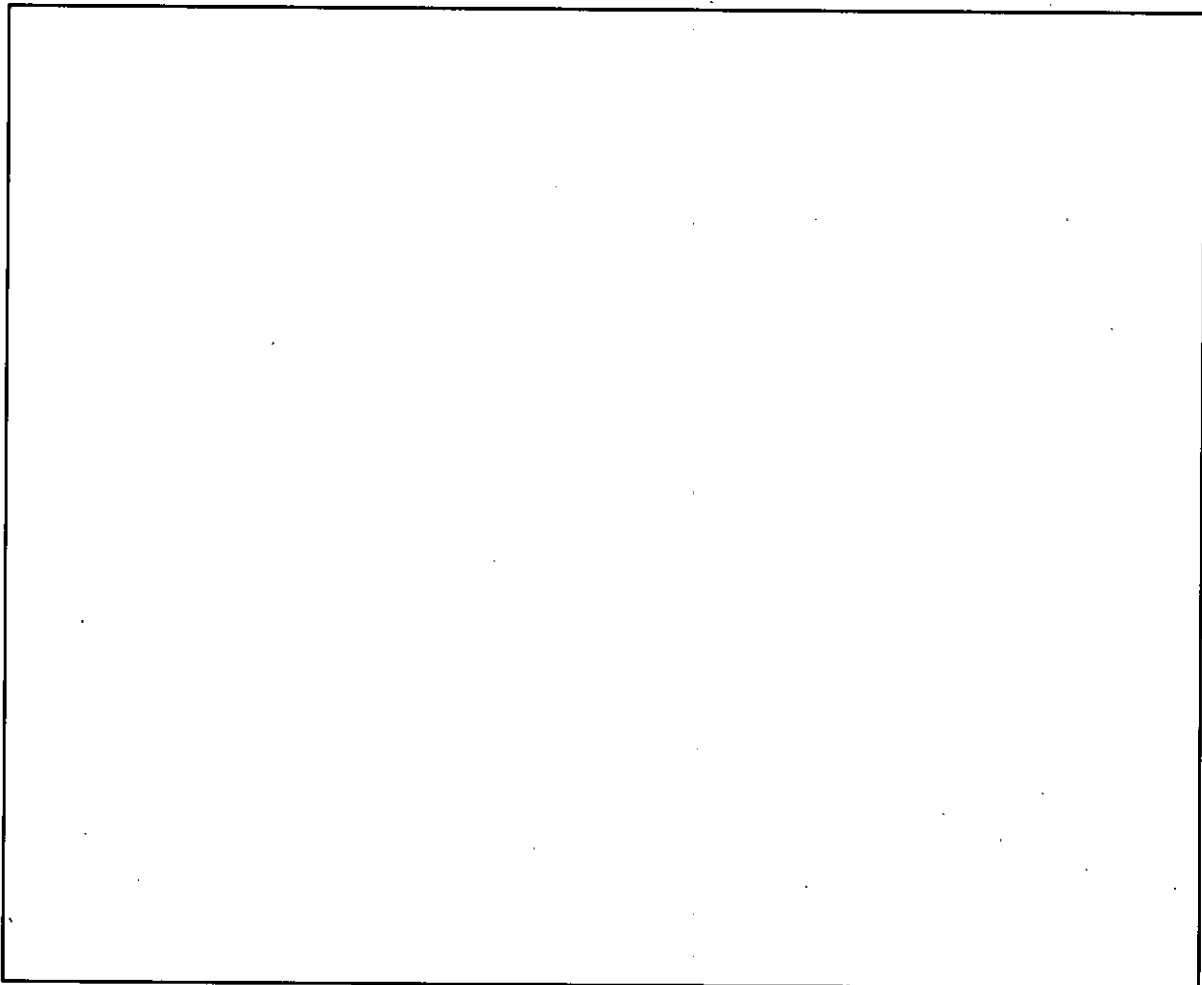
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Festival, stated that about 1,500 Italian delegates attended the festival, according to the Communist Unita. Berlinguer's passport was confiscated by the authorities at the Italian frontier upon his return. The press reports that his speeches at Berlin were "harmful to the good name of Italy abroad." (S Rome Joint-Weeka 35, 31 Aug 51; R Rome 966, 29 Aug 51)

Comment: Berlinguer's statement may be greatly exaggerated. On 14 July 1951 the Italian Government suspended the issuance of passports to individuals wishing to visit iron curtain countries, and ordered the provincial prefects to refer requests for the same to Rome. However, groups of Italian Communists have been able to circumvent this ban, presumably by securing necessary travel documents from secondary-level government officials who are either inefficient or corrupt.

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SECTION 2 (EASTERN)

1. IRAQ. More delays over Iraq Petroleum Company agreement foreseen: The Iraqi Prime Minister has proposed that the negotiators begin drafting the final text of the oil agreement, which will then be submitted to Parliament for consideration. Both the British Charge and IPC officials foresee that the drafting of the agreement will produce long tough wrangles and probably new Iraqi demands. (C, S/S Baghdad 188, 2 Sep 51).

Comment: The Prime Minister is reluctant to come to a final agreement with the oil company because he fears the reaction of the Iraqi opposition parties. Prime Minister Nuri Said has refused to sign the letters covering the oil agreement unless the company promises a basic minimum annual royalty payment. A company official has recommended that the IPC make a private pledge to include a provision on a minimum annual royalty payment in the final draft of the agreement.

2. IRAN. Economic situation in Iran: The US Embassy in Tehran, in a statement on Iran's economic prospects, concludes that economic collapse could be averted for several months and possibly longer by resorting to various expedients, such as reducing note-cover reserve or simply printing more money. Moreover, the primarily agricultural economy of the country can stand considerable deterioration in non-agricultural sectors before breakdown would occur. (S, S/S Tehran 891, 1 Sep 51).

3. INDONESIA. Indonesia likely to sign Japanese peace treaty: Despite important political and press opposition in Indonesia to signature of the Japanese peace treaty, the US Ambassador in Djakarta expects the government to authorize its delegation at San Francisco to sign the treaty and to obtain majority support in Parliament when the question of ratification subsequently arises.

The Indonesian Prime Minister is currently demonstrating exceptional firmness in his determination to have Indonesia sign the treaty. Both President Sukarno and Vice President Hatta support him strongly in this policy. (C, S/S Djakarta 348, 4 Sep 51; C, S/S Djakarta 365, 3 Sep 51).

Comment: The Indonesian delegation at San Francisco was not given advance authority by its government to sign the treaty.

4. CHINA. UK Charge to protest Peiping's treatment of foreign nationals: The UK Charge in Peiping is scheduled to make representations regarding Peiping's treatment of foreign nationals to the Chinese Communist Ministry in early September. (C, S/S London 1177, 31 Aug 51).

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Comment: The Department of State has requested 12 governments recognizing the Peiping regime to instruct their representatives in Peiping to discuss with the Foreign Ministry, inter alia, the cases of at least 20 US nationals imprisoned in Communist China, some 30 others under house arrest, and a number of others unable to obtain exit permits. The nationals of governments recognizing the Peiping regime have generally fared much better than those of non-recognizing governments, particularly the US. It is conjectural whether Lamb's representations or those of the other recognizing governments will significantly improve the status of US nationals.

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SECTION 3 (WESTERN)

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~~IRISH~~ Irish request US assistance in military purchases: Irish External Affairs Minister Aiken has approached one of General Eisenhower's American political advisers in Paris with an informal request for assistance in purchasing American military equipment, promising in return a very limited cooperation with NATO in military staff talks on defense plans. Aiken indicated that the new Irish Government was much concerned about the problem of defense, and wanted a small amount of up-to-date military equipment for training purposes now, in order to initiate a modernization and expansion program. He mentioned specifically aircraft and heavy infantry anti-tank weapons.

Reminded of the tight US military supply situation, of the NATO powers' prior claim, and of Ireland's own refusal to join NATO in 1949, Aiken urged that a re-armed Ireland would contribute indirectly to Western Europe's defense against Communist aggression; but he gave his personal view that there

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was no possibility of Ireland's joining NATO or other collective defense arrangements at this time. (S, S/S Paris 1377, 31 Aug 51).

Comment: This is the first reported approach to the US for military assistance on the part of the DeValera government which came to power in June. Early in 1950 the previous government had indicated to the US Ambassador that it needed US equipment for defense against a possible airborne invasion, and very indirectly hinted that it might be prepared in return to forget about the Partition issue which had kept it out of NATO, and to enter instead into a formal alliance with the US alone on much the same terms as NATO membership.

Though introducing a military budget about 25 percent higher than its predecessor's, the DeValera government had publicly reaffirmed Irish neutrality, and has given no countenance to any suggestions that Ireland might in effect be willing to trade bases for military assistance. The form of the present approach, which easily lends itself to official denials, further suggests that DeValera is not yet ready to challenge Irish neutrality sentiment to obtain US military equipment.

7. NORWAY. Nation will not lead opposition to Greek-Turkish NATO admission at Ottawa: Foreign Minister Lange stated to US Ambassador Bay that although Norway remains opposed to NATO membership for Greece and Turkey, his country does not intend to lead the opposition to such membership at the Ottawa meeting. Norway, he said, will make known its position that Greek-Turkish security needs can be adequately safeguarded by a Mediterranean Pact, and that such a pact is preferable since Greek-Turkish membership would dilute NATO's Western European character and lend substance to the view that the treaty is merely a military alliance. Lange added that he expected some support for this position at Ottawa. (TS, S/S Oslo 235, 3 Sep 51).

Comment: Norway will tenaciously oppose the extension of membership until it becomes clear that the majority of other NATO members are prepared to endorse Greek-Turkish admission. However, since Norway is not preparing to lead the opposition, as it has in the London discussions, and the Netherlands Government has indicated its reluctant acquiescence, concerted opposition at Ottawa is not expected to be strong or protracted.

8. CHILE. Foreign Minister comments on recent coup attempt to US Ambassador: Foreign Minister Yrarrazaval Concha told US Ambassador Bowers that the recent conspiracy (see OCI Daily Digest, 29 Aug 51) "cannot be underestimated in significance since its purpose was to overthrow the regime." It is positively known, the minister said, that the conspiracy had its inspiration in Buenos Aires. He admitted that some minor Chilean army officers were involved. The minister also pointed out that he had warned the president that another attempt would come later.

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Bowers comments that "Yrarrazaval is a very high grade man of large means and a spotless reputation as an able and honest man. He impressed me as worthy of confidence....We know enough of the situation not to find anything he said at all improbable." (S, S/S Santiago 131, 31 Aug 51).

Comment: There is evidence tending to support the foreign minister's remarks. The inability of the government combination to modify the inflationary spiral, pre-election year confusion, and growing and demonstrative labor unrest continue to contribute to the present government's unpopularity, and may be grounds for another attempted coup. On the other hand, the government has been at least temporarily strengthened by the recent attempt.

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