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7 September 1951

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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3.3(h)(2)

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Douglas MacArthur

GENERAL

1. Pacific security pacts discussed at San Francisco reception:

At a [redacted] reception in San Francisco on 3 September, several possible Pacific defense arrangements were discussed by representatives of interested foreign delegations. According to [redacted] the British favor a joint US-UK-French pact to defend Malaya, particularly Singapore, in addition to a similar guarantee of Indochina.

3.3(h)(2)

The Australian Ambassador to the US [redacted] would prefer the joint signing of one pact by all Pacific allies. Conversation revealed that the Filipinos are quietly and informally discussing the possibility of such a pact with various delegations. They would like to bar Japan, but would not object to inclusion of Japan if it were to sign a bilateral defense pact with the US.

3.3(h)(2)

The role of the Chinese Nationalists in a Pacific Pact was not mentioned by the Australian or Philippine delegates at any time during the evening.

Comment: All of the free Pacific countries, except Indonesia, have at one time or another expressed enthusiasm for more broadly-based Pacific arrangements.

The Vietnamese and the French are the most recent advocates of extending security agreements. Prior to his departure for San Francisco, the Vietnamese Premier ^{publicly} emphasized to the US Charge his interest in raising the question during his visit to the US of a US-UK-French pact to defend Indochina from aggression.

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2

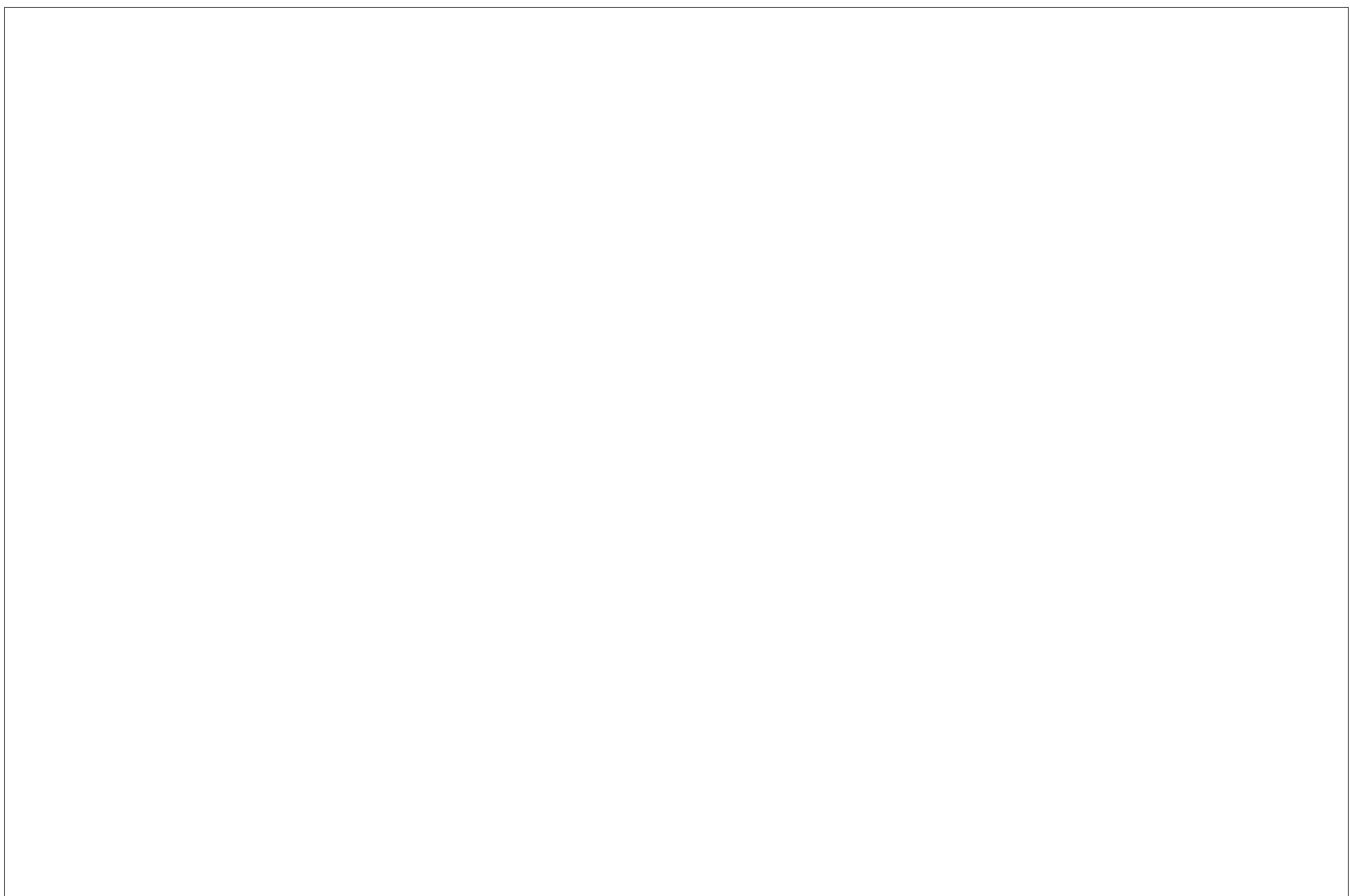
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3.3(h)(2)

*India/Japan*

FAR EAST

3.3(h)(2)

3. India proposes peace treaty with Japan:

2.



India has made a direct proposal to the Japanese Government that the state of war between India and Japan be terminated by a unilateral declaration of the Indian Government. The declaration would be issued in agreement with the Japanese

Government on or about the date of signing of the multilateral treaty. The Japanese Foreign Office advised the Indian representative that it could not, under present regulations, engage in direct discussions, and suggested that an approach be made through the diplomatic section of SCAP.

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[redacted] 3.3(h)(2)

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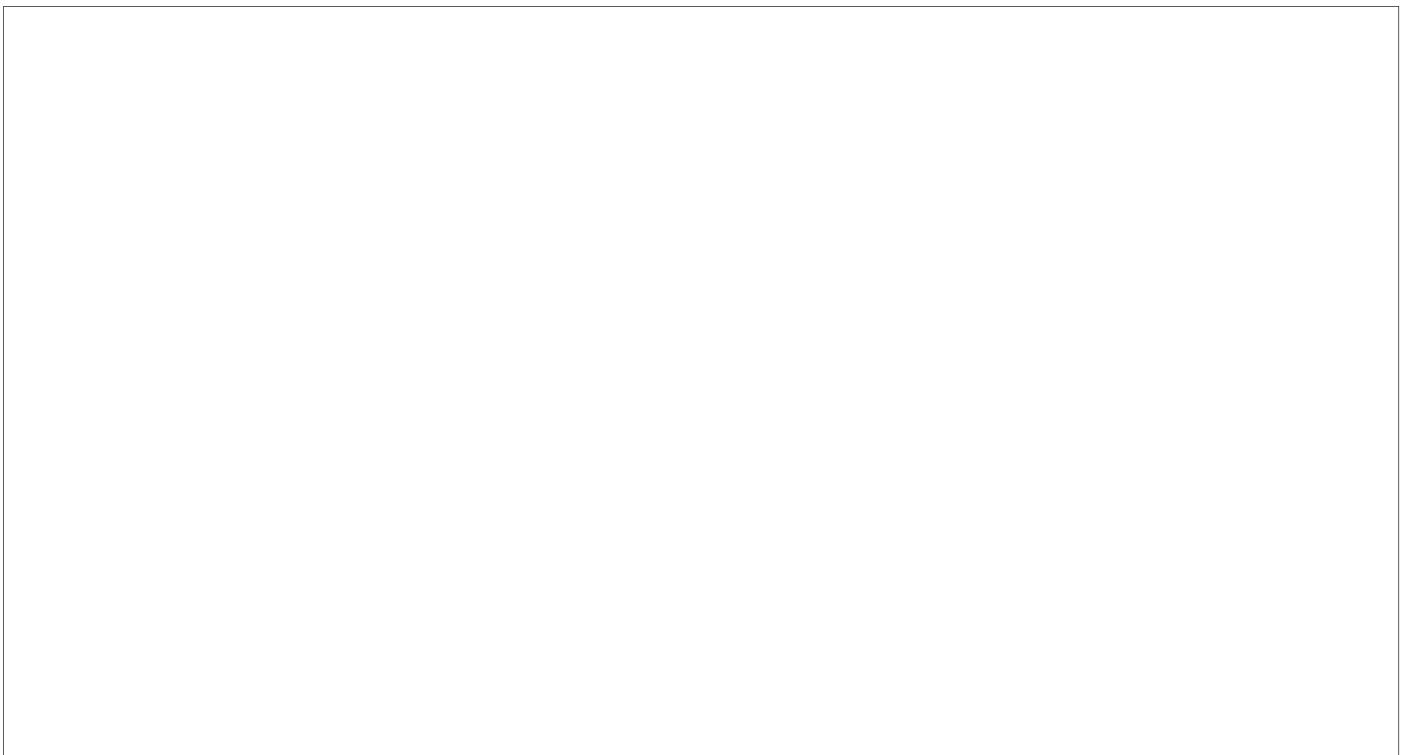
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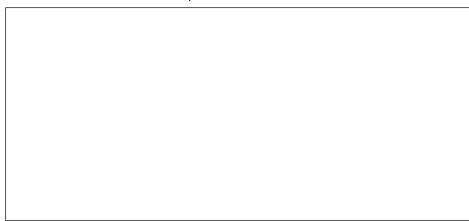
Comment: India is well aware of the fact that Japan, under present Occupation directives, cannot conduct direct diplomatic relations without approval of SCAP. Consequently, this direct approach may be intended to re-emphasize Indian disapproval of Western controls over Asiatic peoples and also to reassure Japan of India's intentions despite its refusal to attend the San Francisco conference.

3.3(h)(2)

NEAR EAST



EASTERN EUROPE

5. Rumania intensifies charges of Yugoslav aggression:

A Rumanian broadcast of 6 September states that a note has been presented to the Yugoslav Charge in Bucharest protesting a premeditated Yugoslav provocation on 5 September of "grave pro-

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portions." Rumania alleges that Yugoslav frontier guards penetrated Rumanian territory in a "heinous attack" and opened fire on Rumanian frontier guards. During the ensuing six hours "three companies of Yugoslav troops were deployed in this sector in an attack formation" and fired on Rumanian frontier guards. One Rumanian allegedly was killed.

Comment: The incident marks a new high in calculated Satellite diplomatic harassment of Yugoslavia. Rumania's unusual haste in presenting its protest and opening the propaganda barrage is designed to prove Satellite charges of extensive Yugoslav preparations for aggression. One Rumanian casualty scarcely supports the Rumanian charge of a three-company attack.

The increasingly exaggerated and insulting tone of Satellite protests to Yugoslavia is undoubtedly designed to cover the growing number and size of Satellite border provocations along the Yugoslav periphery. The present note also anticipates the protest Yugoslavia will presumably make against the incursion of 60 Albanian soldiers into Yugoslav territory on 2 September.

3.3(h)(2)

WESTERN EUROPE

3.3(h)(2)

6. Adenauer reiterates conditions for Schuman Plan approval:

In recent interviews with High Commissioner McCloy and Ambassador Harriman, Chancellor Adenauer discussed several problems now facing the West Germans. Adenauer emphasized that,

before the Bonn Parliament would ever ratify the Schuman Plan, a firm declaration of Allied intentions to dissolve the Ruhr Authority and to lift the ceiling on German steel production was essential. He felt that if Allied intentions were clear the parliament would be able to ratify the plan without waiting for French ratification.

Talking to Harriman, Adenauer stressed that Germany was still threatened by two dangerous trends, nationalism and neutralism. He regarded neutralism as the greater threat, particularly if rapid

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action were not taken on Germany's new political status and her defense contribution, so that the Federal Republic would gain the power and prestige which it requires "to appear attractive to the German public."

Comment: Adenauer appears to have been forced, partly by the critical attitude of his coalition partners, into a stronger position on removal of certain controls before the Schuman Plan can be approved.

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8. Comment on Soviet economic squeeze of West Berlin:

East German Communist police have taken two new steps to implement the current Soviet economic squeeze of Berlin.

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Over 60 railroad cars carrying mail from West Berlin to West Germany were turned back at the zonal border check point with a charge that the cars were incorrectly loaded, and five passenger buses were prevented from proceeding to West Germany, despite the fact that the drivers had paid the new "road tax" imposed by Soviet and East German authorities on 31 August.

As yet, the Western Allies have not agreed on countermeasures to induce the USSR to abandon its harassment of West Berlin. Imposition of a tax on Soviet Zone barges using West Berlin canals has been discussed, but strong reservations against taking vigorous immediate countermeasures have already been expressed by French authorities. Meanwhile, Soviet and East German authorities are reportedly contemplating imposing a barge tax themselves.

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