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GENERAL

1. Bohlen sees indications of Soviet sensitivity on position in Asia:

 Ambassador Bohlen feels that the recent Soviet Foreign Ministry statement against the Manila pact, issued before there had been any comparable official Chinese reaction, indicates that the USSR is sensitive about its position in Asia. It also may foreshadow a Soviet diplomatic approach for a general Asian collective security arrangement.

Bohlen further cites Molotov's 12 September statement on the resumption of relations with Japan, and an earlier Soviet request for an invitation to the contemplated Djakarta conference, as evidence of attempts by Moscow to counter the "Asia for the Asians" formula which would appear to give Peiping exclusive leadership in Asia.

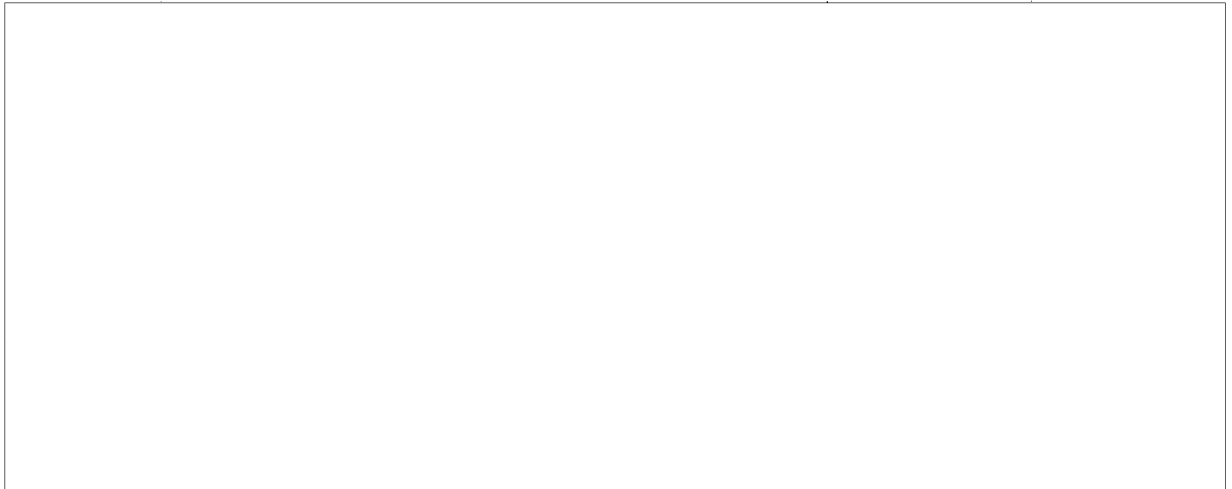
The statement made no reference to Chinese claims on Formosa, and Soviet propaganda has avoided any commitment to the Chinese "liberation" propaganda.

Comment: There is always the possibility that Peiping's role has become larger than Moscow wishes, and the Foreign Ministry's statement appears to be an effort to reassert Moscow's pre-eminence in Asia. The Communist theme of Asia for the Asians is believed, however, to represent a joint Sino-Soviet maneuver aimed at exploiting neutralist and anticolonial sentiment in the Far East rather than an effort by Peiping to enhance its own stature at Moscow's expense.

Peiping has failed to develop Chou En-lai's hints at Geneva that the Communists might bid for an all-Asian security pact. In direct dealings with other Far Eastern leaders, Chou has emphasized the need for bilateral agreements on the basis of his vague five principles for "nonaggression."

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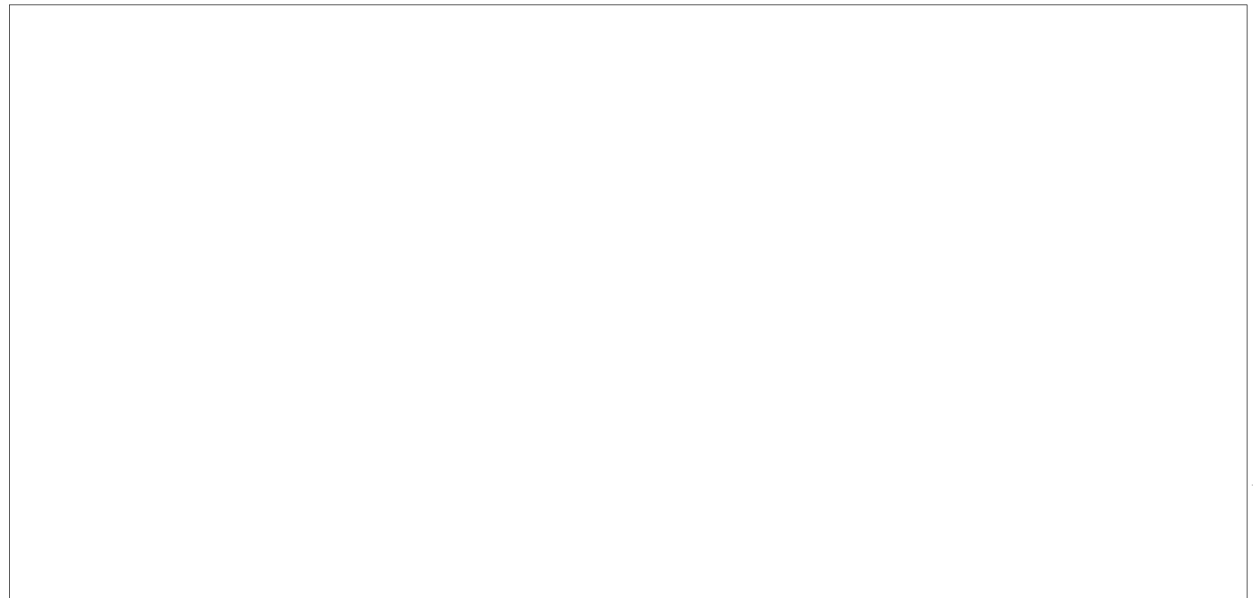
2. East German party leader predicts Czech overtures to France:

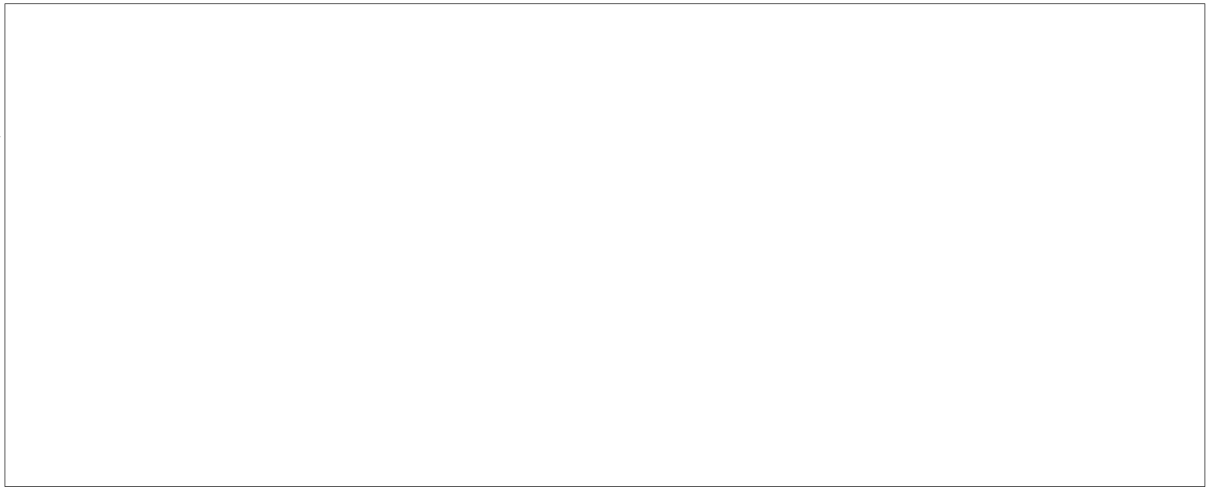


Comment: Czechoslovakia can be expected to follow the Polish lead by making proposals to the French for visits of political delegations, economic offers, and perhaps a treaty of alliance. Poland, Hungary, and Rumania have already started negotiating outstanding disputed issues with France. Soviet propaganda, however, has not yet exploited the Polish alliance offer.

SOVIET UNION

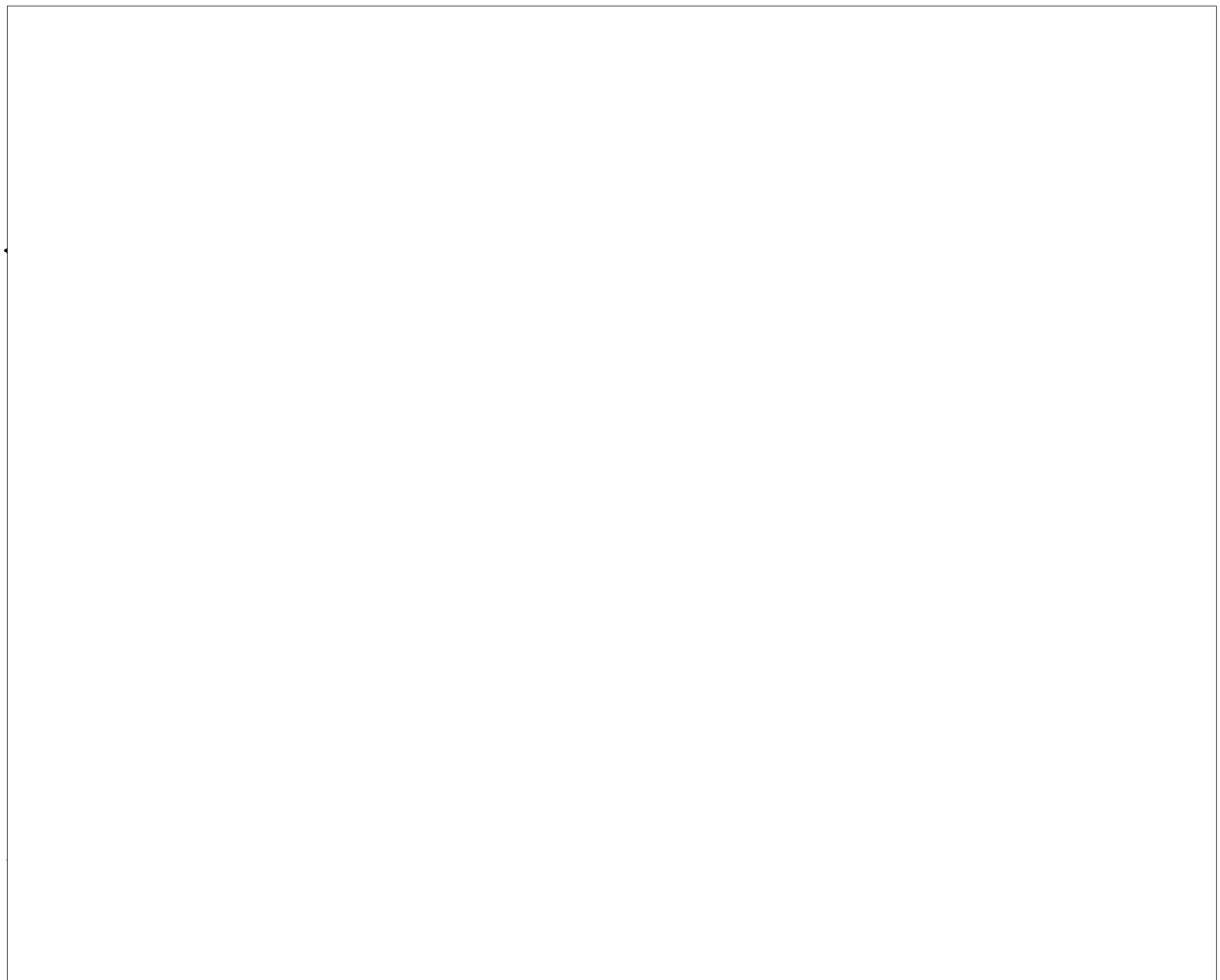
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~~TOP SECRET~~**SOUTHEAST ASIA****5. Comment on Vietnamese political crisis:**

The prolongation of the political crisis in Vietnam has further weakened Premier Diem's position, with the dispute between Diem and General Hinh tending to develop into a full-scale break between the civil government and the army.

Diem's appointment of General Nguyen Van Xuan to the post of defense minister on 17 September is apparently the result of General Hinh's verbal, and not necessarily firm, assurance two days earlier that he would be willing to leave the country within a few days if Xuan were given the defense post. Xuan's candidacy for this position had been put forward by the Cao Dai sect on 13 September. This suggests that the current tactic of the government is to come to terms with the Cao Dai in the hope of gaining its support in disposing of Hinh.

General Xuan, who was the first premier under Bao Dai, is highly suspect in the eyes of Vietnamese nationalists. He is a French citizen closely identified with French policy since the war. During the Geneva conference he hinted at the desirability of a rapprochement with the Viet Minh.

Top French officials in Saigon, apparently under instructions from Paris, are taking advantage of the current crisis to redouble their demands that ex-premier Tam be brought into the government. Earlier, Diem stated he would resign rather than accept Tam.

Meanwhile, a member of the previous Vietnamese cabinet, now in Paris, has implied that Bao Dai would soon replace Diem. The chief of state, now in France, has appeared to be supporting the premier in the present crisis but he is capable of undercutting him at any time.

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SOUTH ASIA

6. Ceylonese prime minister sees advantages in joining Manila pact:

[REDACTED] Ceylonese prime minister Kotelawala told Ambassador Crowe on 16 September that, following a careful study of the full text of the Manila pact, he can see many advantages and no disadvantage in Ceylon's joining. He added that the cabinet would make no decision on the pact until he returned from his forthcoming visit to the United States.

Kotelawala said he was doing his best, through the Indian high commissioner, to persuade Prime Minister Nehru to take a more realistic view of the Communist menace.

Comment: Kotelawala has previously stated his desire to have Ceylon join the Manila pact. Strong internal "neutralist" opinion and opposition within the cabinet precluded Ceylon's participation in the Manila conference, however.

In view of Nehru's firm public position on this issue, Kotelawala is unlikely to have much success in changing India's position on the pact.

7. General Thimayya may accompany Nehru to Peiping:

[REDACTED] General K. S. Thimayya, commandant of India's Western Command and former chairman of the Neutral Nations Repatriation Commission in Korea, has been asked by Prime Minister Nehru to accompany him to Peiping in October, [REDACTED] Thimayya was at first reluctant to go but now plans to accept the invitation.

Comment: Nehru was said to be piqued at the acclaim Thimayya received in Korea. Thimayya was considered by the Americans in Korea to be able and generally pro-American. As the highest ranking Indian officer with some firsthand knowledge of Chinese Communists, he is the logical person to serve as Nehru's military adviser in Peiping.

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NEAR EAST - AFRICA

8. Quwatli's party seen winning Syrian elections:

[REDACTED] In Syria, the Nationalist Party of ex-president Shukri Quwatli will probably win a majority in the parliamentary elections to be held on 24 September, [REDACTED]

[REDACTED] it is doubtful that any Communist candidate will win even though Khalid Bakdash, the leading Communist in the Arab world, is a strong contender for a seat from Damascus. [REDACTED]

Comment: Prospects for relative stability in Syria are currently better than at any time in the past six months.

WESTERN EUROPE

9. Mendes-France favors Brussels Pact controls over West Germany:

[REDACTED] Following his talks with British foreign secretary Eden, French premier Mendes-France told American officials in Paris that he could wholeheartedly seek National Assembly approval for Bonn membership in NATO if it were packaged with a tightened Brussels Pact to control German rearmament. Mendes-France agreed to this only after considerable pressure from Eden, however.

The premier said that the Brussels Pact plan would have to be presented to the National Assembly as an EDC alternative which has the advantage of British participation while avoiding

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an independent Wehrmacht and the supranational aspects of EDC. He accepted the idea that NATO would administer controls on German rearmament, but specified that the Brussels Pact council would make the necessary political decisions.

Eden commented to General Gruenther on 16 September that Mendes-France's desire to build up the Brussels treaty and soft-pedal the significance of German admission to NATO makes the problem difficult to solve.

Comment: Eden's trip appears to have accomplished its primary purpose of establishing a common ground for discussing the cardinal points in the British proposal for an EDC alternative--German membership in NATO and revision of the Brussels treaty. French assembly support for German membership in NATO is still quite doubtful, however, and at the nine-power conference proposed for later this month Mendes-France will probably insist on tighter controls than those envisaged in the British proposal.

LATIN AMERICA

10. Dominican Republic may be center of plot against Costa Rica:

The Dominican government informed the American embassy in Ciudad Trujillo on 14 September that it cannot co-operate with the United States in preventing the overthrow of the Figueres regime in Costa Rica.

The embassy reports that former Costa Rican president Calderon Guardia, Venezuelan national security chief Estrada, and representatives of the Cuban and Nicaraguan governments are in Ciudad Trujillo, and comments that the city "may be the focal point of plotting against Costa Rica."

Comment: Costa Rica has no military forces except a lightly armed 1400-man police force.

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Dominican dictator Trujillo, who has publicly termed the democratic Figueres a Communist, has recently made statements to the press reiterating his advocacy of joint armed intervention by the American republics to combat Communism in the Western Hemisphere. As recently as 9 September, however, Dominican officials, in response to an embassy inquiry, denied their government was involved in plotting against Figueres.

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