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SOUTHEAST ASIA

1. French commander in Indochina sees Paris "enthusiastic" for continuing war:

General Salan, Commander in Chief of the French forces in Indochina, states that there is an "enthusiastic climate" in France for continuing the military effort against the Viet

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Minh. In his conversation with Ambassador Heath the day after returning from Paris, he said that he had been assured parliament would pass the 1953 Indochina budget without difficulty.

General Salan expressed his appreciation of the action of the United States Government in expediting the delivery of additional planes.

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Comment:

Salan would have difficulty in obtaining planes for his proposed airborne operations in Indochina this fall. No change is apparent in the French public's apathy toward the war, and the general may have been influenced by a recent decision of military authorities in France to send him planes, pilots, and maintenance crews by 1 November.

2. Magsaysay may enter 1953 Philippine presidential race:

Philippine Defense Secretary Magsaysay is seriously considering entering next year's presidential campaign, according to an American journalist in Manila. He would use the Philippine Veterans Legion as a vehicle to gain his political ends.

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The American Embassy in Manila has also been told that a group of young Filipino leaders recently sought support for Magsaysay's candidacy from a prominent opposition party member. The Embassy believes that with the support of such young leaders and the Philippine Veterans Legion, Magsaysay might be able to defeat the established political machines.

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Comment: Magsaysay has no close connection with Quirino's Liberal Party machine. The Embassy has previously noted indications of his intent to use the Philippine Veterans Legion as a political vehicle. The Legion was active in the 1951 campaign for free elections and sponsored the recent 'Southeast Asia veterans' conference in Manila.

NEAR EAST - AFRICA

3. Iran begins to inflate its currency:

[redacted] [redacted]

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about \$12,000,000 worth of new bank notes have been issued in the past two weeks. On the basis of the increased note circulation, larger drawings have been made by the National Iranian Oil Company, the Seven-Year Plan Organization, and the government for grain and opium purchases.

[redacted] the over-all increase can be held to the planned 20 percent without substantial oil sales or foreign aid.

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Comment: The issuance of approximately \$50,000,000 in additional bank notes was secretly authorized in early September.

4. Comment on new President of Lebanon:

The election on 23 September of Camille Chamoun as President of Lebanon by the Chamber of Deputies restores the country to constitutional government and ends the five-day rule of General Chehab.

The new French-educated President, a Maronite Christian in keeping with the Lebanese tradition, is generally considered to be pro-West in his views. He has a long background of British support and has been accused of being a British agent. He has opposed the former Khouri regime since 1948.

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Chamoun must still cope with widespread corruption in government and the basic economic problems of the country. He also faces the problem of securing the cooperation of the Chamber of Deputies which has not been dissolved and accordingly includes a majority of Khouri supporters.

5. Field Marshal Montgomery lends support to Greek request for aid:

[redacted] Deputy SHAPE Commander Montgomery has presented a signed memorandum to the Greek Chief of Staff stating that Greece cannot maintain the present level of its armed forces without outside aid. He recommended that Greece ask NATO how large an army it will be expected to make available in the event of war, and how many troops it should keep on active peacetime duty. Montgomery also suggested that Greece should inquire if NATO would meet the expenses of any forces required beyond Greece's financial capabilities.

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Comment: The Athens government has already attempted to exploit similar statements by Montgomery to obtain further aid from the United States, which opposes a reduction in the Greek armed forces.

EASTERN EUROPE

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Albanian situation:

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will be overthrown.

[redacted]

there is a normal amount of discontent and unrest in Albania, but little chance that the Cominform regime

Comment: This analysis of the Albanian situation contrasts with the more alarmist tone of Yugoslav propaganda.

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Activity

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among Albanian refugee groups has increased recently. There is no evidence, however, that the Yugoslavs could at this time engineer a coup from within Albania and set up a substitute government.

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WESTERN EUROPE

7. Head of German Evangelical Church reportedly to visit Moscow:

Bishop Dibelius, head of Germany's Evangelical Church, is expected to accept an invitation from Russian church leaders to visit Moscow, probably at the end of November.

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American officials in Berlin comment that Dibelius is "not a Niemoeller" and that his subsequent statements on the USSR may offset much of Niemoeller's harmful propaganda. They believe that the invitation reflects a Kremlin belief that the Evangelical Church can still be exploited for exerting pressure in West Germany for unity talks and for postponing ratification of the Bonn and Paris treaties.

Comment: Despite his frequent statements in support of the Adenauer government and West Germany's integration with the West, Dibelius appears to be still strongly influenced by the fear of losing contact with the 40 percent of the members of his church living in East Germany.