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GENERAL

1. Arab delegations expect new emphasis in UN General Assembly:

[redacted] In conversations with the American UN delegation, spokesmen for Egypt, Lebanon, and Syria have expressed their view that the United Nations is entering a period of crisis in which General Assembly deliberations will place emphasis on problems of individual nations, particularly Near Eastern ones, rather than on the East-West conflict.

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On Near Eastern questions, they added, an increasing number of countries will vote with the Soviet bloc.

FAR EAST

2. Communist China makes large shipment of gold and dollars to USSR:

[redacted] About \$30, 000, 000 in gold and American currency were flown from Peiping to Moscow in August, [redacted]

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[redacted] This was reportedly more than half the gold and foreign currency which the Chinese people were forced to surrender during the campaign against private capitalists earlier this year.

According to the American Consul General in Hong Kong, these gold and dollar shipments probably represent partial payment for war materiel and other goods received from the Soviet Union.

Comment: This strengthens other reports that the exorbitant levies on private businessmen in the first half of 1952 yielded substantial revenues to the Peiping regime. These levies enabled the Communist regime to finance military expenditures without resort to large paper money issues.

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SOUTHEAST ASIA

3. Quirino plans conference to study Asian cooperation:

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The President said that he had some hope of Burmese and Indonesian participation. He indicated that he was already assured that South Korea and Formosa would take part, but seemed to fear that they would try to induce the conference to take an aggressive attitude.

Comment: On 25 September Quirino publicly announced his plans to call a Southeast Asia conference for next May. Since his original call for a Pacific Pact in 1949, Quirino has maintained a keen interest in all Pacific security arrangements and has tried to make them more inclusive.

The American Embassy in Manila, which was not forewarned of the President's announcement, believes that it may have been motivated in large part by the hope of domestic political benefits.

NEAR EAST - AFRICA

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5. Greek Prime Minister favors postponing elections:

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Prime Minister Plastiras told Ambassador Peurifoy on 25 September that he is opposed to new elections this year. He maintained that an election campaign might produce anti-American slogans.

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Comment: Apparently Plastiras, who has insisted that he would win in any immediate elections, now fears that he cannot do so. His implied threat of anti-American propaganda appears to be an attempt to persuade the United States, which has urged early elections, to support his efforts to postpone them.

EASTERN EUROPE**6. Czechs report gunfight involving two "American espionage agents":**

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Premier Antonin Zapotocky informed the French Ambassador on 24 September and all Prague newspapers later reported that two Czech militiamen were killed on 21 September in a gunfight with two "armed American agents who had been dropped on Czech territory from Western Germany." The one "American" who was killed had "arms, radio transmitter, false identity cards and documents."

Comment: The Czech Government has been particularly concerned during the past few months over the possible entry of "American agents" into the country. Minister of National Security Bacilek laid particular stress on this in a public address on 8 August announcing a strengthening of the security apparatus.

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WESTERN EUROPE

7. French Socialist leader warns against rejection of Eden proposals:

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[Redacted]

French Socialist leader Guy Mollet has warned that if Germany and Italy continue their hostility in the Coal-Steel Community Assembly to the British proposals for establishing ties between the Council of Europe and the emerging Community of Six, the French Socialists will vote against EDC ratification. He told the American observer at the Council of Europe that any majority for the EDC that Pinay might "scrape together" without the Socialists could not be considered a stable basis of foreign policy.

Comment: Since the dissident Gaullists have resolved to follow General de Gaulle on foreign policy, the Socialists could block French ratification of the EDC treaty. This threat, however, may well be merely an effort to obtain strong American support for Eden's proposals. Last spring, when hope of close British association with the Continent was fading, Mollet appeared willing to accept the EDC without British association.

8. Dutch still fear neglect by NATO defense planners:

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[Redacted]

The American Embassy in The Hague reports that the Dutch are still seriously disturbed over NATO defense planning and have strong reservations about Marshal Juin's impartiality as an international commander. They fear that in a military crisis Juin would not hesitate to alter SHAPE plans to the benefit of France.

Comment: Both the Netherlands and West Germany have been greatly concerned over Allied strategy in the event of a Russian attack, particularly since General Juin, during the Allied military maneuvers in Germany early in September, appeared to base the Allies' defense on the Rhine, thus risking abandonment of most of northern Holland to the invader. Subsequent American assurances have apparently failed to convince either the Dutch or the Germans that their territory will be defended.

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